



Half-Year financial report

as at 30 June 2022



**Servizi
Italia**

SERVIZI ITALIA S.P.A.
Via S. Pietro, 59/B
43019 Castellina di Soragna (PR) – ITALY
Tel. +39 0521 598511 – sede@si-servizitalia.com
www.servizitaliagroup.com

Table of Contents

GENERAL INFORMATION

Corporate Bodies and corporate information..... 3

Group structure 4

INTERIM REPORT 5

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP AS AT 30 JUNE 2022

Accounting schedules 18

Explanatory notes..... 22

CERTIFICATION OF THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS OF ITALIAN LEGISLATIVE DECREE 59/98..... 51

INDEPENDENT AUDITORS' REPORT 52

COMPANY OFFICERS AND CORPORATE INFORMATION

Board of Directors (in office until approval of the Separate Financial Statements as at 31 December 2023)

Name and Surname	Position
Roberto Olivi (*)	Chairman
Ilaria Eugenianni (*)	Deputy Chairman
Michele Magagna (*)	Director
Umberto Zuliani	Director
Anna Maria Fellegara ⁽¹⁾	Independent Director
Benedetta Pinna ⁽¹⁾	Independent Director
Antonio Aristide Mastrangelo ⁽¹⁾⁽²⁾	Independent Director

(1) Member of the Governance and Related Parties Committee; (2) Lead Independent Director
 (*) Members of the Executive Committee

Board of Statutory Auditors (in office until approval of the Separate Financial Statements as at 31 December 2022)

Name and Surname	Position
Roberto Cassader	Chairman
Gianfranco Milanese	Statutory auditor
Elena Iotti	Statutory auditor
Davide Barbieri	Alternate auditor
Valeria Gasperini	Alternate auditor

Supervisory Body (in office until 2 February 2025)

Name and Surname	Position
Veronica Camellini	Chairman
Antonio Ciriello	Member
Francesco Magrini	Member

Independent Auditors (in office until approval of the Separate Financial Statements as at 31 December 2023)

Deloitte & Touche S.p.A. - Via Tortona, 25 - 20144 Milan

Registered offices and company information

Servizi Italia S.p.A. Via S. Pietro, 59/b - 43019 Castellina di Soragna (Parma) - Italy
 Tel.+390524598511, Fax+390524598232, website: www.servizitaliagroup.com;
 Share Capital: Euro 31,809,451 fully paid-up
 Tax code and Parma Company's Register no. 08531760158; Certified email: si-servizitalia@postacert.cedacri.it
 Founded: 1986
 Listing segment: Euronext STAR Milan
 Ordinary Share ISIN codes: IT0003814537, BLOOMBERG: SRI IM, REUTERS: SRI.MI
 LEI Code: 815600C8F6D5ACBA9F86

Investor Relations

Pietro Giliotti (IRM)
 e-mail: investor@si-servizitalia.com - Tel. +390524598511, Fax +390524598232

GROUP STRUCTURE

Servizi Italia S.p.A., registered offices in Castellina di Soragna (Parma, Italy), listed in the Euronext STAR Milan segment of Borsa Italiana, is the leading Italian operator in the supply of integrated services for the wash-hire and sterilisation of textile materials and surgical instruments for hospital facilities. With a technologically advanced production platform broken down into laundering facilities, textile sterilisation centres, surgical instrument sterilisation centres and numerous wardrobes, the Company and its Italian and overseas subsidiaries forming the Servizi Italia Group, mainly provide their broad and diversified range of services for public and private healthcare facilities in central and northern Italy, in the state of São Paulo in Brazil, in Turkey, India, Albania and Morocco.

As at 30 June 2022, the Servizi Italia Group included the following companies:

Company name Parent Company and Subsidiaries	Registered office	Share capital	Interest of equity investments
Servizi Italia S.p.A.	Castellina di Soragna (Parma) - Italy	EUR 31,809,451	Parent Company
Ekolav S.r.l.	Lastra a Signa (Florence) - Italy	EUR 100,000	100%
Wash Service S.r.l.	Castellina di Soragna (Parma) - Italy	EUR 10,000	90%
Steritek S.p.A.	Malagnino (Cremona) - Italy	EUR 134,500	70%
San Martino 2000 S.c.r.l.	Genoa - Italy	EUR 10,000	60%
SRI Empreendimentos e Participações L.t.d.a.	City of São Paulo, State of São Paulo - Brazil	BRL 217,757,982	100%
Lavsim Higienização Têxtil S.A.	São Roque, State of São Paulo - Brazil	BRL 31,680,000	100% ^(*)
Maxlav Lavanderia Especializada S.A.	Jaguariúna, State of São Paulo - Brazil	BRL 2,825,060	100% ^(*)
Vida Lavanderias Especializada S.A.	São Roque, State of São Paulo - Brazil	BRL 3,600,000	100% ^(*)
Aqualav Serviços De Higienização Ltda	Vila Idalina, Poá, State of São Paulo - Brazil	BRL 15,400,000	100% ^(*)
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	Ankara - Turkey	TRY 20,000,000	55%
Ergülteks Temizlik Tekstil Ltd. Sti.	Smyrna - Turkey	TRY 1,700,000	57.5% ^(**)

^(*)Held through SRI Empreendimentos e Participações Ltda

^(**)Held through Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi

Here below are the associates and joint ventures companies, measured using the equity method in the consolidated financial statements:

Company name Associates and Jointly-controlled Companies	Registered office	Share capital	Interest of equity investment
Shubhram Hospital Solutions Private Ltd.	New Delhi - India	INR 362,219,020	51%
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca - Morocco	MAD 122,000	51%
SAS Sterilizasyon Servisleri A.Ş.	Istanbul - Turkey	TRY 24,467,000	51%
Arezzo Servizi S.c.r.l.	Arezzo - Italy	EUR 10,000	50%
PSIS S.r.l.	Padua - Italy	EUR 10,000,000	50%
Steril Piemonte S.r.l.	Turin - Italy	EUR 4,000,000	50%
AMG S.r.l.	Busca (Cuneo) - Italy	EUR 100,000	50%
Finanza & Progetti S.p.A.	Vicenza - Italy	EUR 550,000	50%
Sanitary cleaning Sh.p.k.	Tirana - Albania	LEK 2,798,800	40%
Iniziative Produttive Piemontesi S.r.l.	Turin - Italy	EUR 2,500,000	37.63%
Piemonte Servizi Sanitari S.c.r.l.	Turin - Italy	EUR 10,000	30% ^(*)
Saniservice Sh.p.k.	Tirana - Albania	LEK 2,745,600	30%
StirApp S.r.l in liquidation	Modena - Italy	EUR 208,124	25%
Brixia S.r.l.	Milan - Italy	EUR 10,000	23%

^(*) The 15.05% indirect shareholding held through Iniziative Produttive Piemontesi S.r.l. should be added to this.

INTERIM REPORT

This consolidated half-yearly financial report closed on 30 June 2022 was prepared in accordance with the *International Financial Reporting Standards* (hereinafter "IFRS" or "International Accounting Standards") approved by the European Commission, in force on 30 June 2022, and was drawn up pursuant to art. 154 ter of Legislative Decree no. 58 of 24 February 1998 and in compliance with CONSOB regulation no. 11971 of 14 May 1999 and subsequent amendments.

This half-year financial report includes the half-year condensed consolidated financial statements as at 30 June 2022 prepared in compliance with IAS 34 on interim financial reporting, as approved by Regulation (EC) No. 1606/2002. In order to also allow for a better evaluation of the economic and financial performance, the following summary tables show some "Alternative performance indicators", not provided by the IFRS International Accounting Standards. The footnotes of said tables indicate the calculation method used and the composition of these ratios, in line with the guidelines of the European Securities and Market Authority (ESMA).

Main consolidated income statement figures

The table below presents a comparison of the main consolidated income statement figures as at 30 June 2022 with the results as at 30 June 2021 (in thousands of Euros).

(thousands of Euros)	30 June 2022	30 June 2021	Change	Change %
Revenues	134,042	125,109	8,933	7.1%
Ebitda ^(a)	29,475	33,454	(3,979)	
EBITDA %	22.0%	26.7%		-4.8%
Operating profit (EBIT)	1,193	6,276	(5,083)	
Operating profit (EBIT)%	0.9%	5.0%		-4.1%
Profit (loss)	1,945	4,373	(2,428)	
Profit (loss) %	1.5%	3.5%		-2.0%

^(a) Group management has defined EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortisation, write-downs, impairment and provisions.

Main consolidated statement of financial position figures

The table below presents a comparison of the main consolidated statement of financial position figures as at 30 June 2022 with the figures as at 31 December 2021 (in thousands of Euros):

(thousands of Euros)	30 June 2022	31 December 2021	Change	Change %
Net operating working capital ^(a)	(8,420)	(2,138)	(6,282)	293.8%
Other current assets/liabilities ^(b)	(10,836)	(12,247)	1,411	-11.5%
Net working capital	(19,256)	(14,385)	(4,871)	33.9%
Non-current assets - medium/long-term provisions	270,915	261,201	9,714	3.7%
of which Rights of use under IFRS 16	29,063	28,759	304	1.1%
Net invested capital	251,659	246,816	4,843	2.0%
Shareholders' equity (B)	131,213	121,119	10,094	8.3%
Net financial debt ^(d) (A)	120,446	125,697	(5,251)	-4.2%
of which Financial liabilities under IFRS 16	30,685	30,572	113	0.4%
Net invested capital^(c)	251,659	246,816	4,843	2.0%
Gearing [A/(A+B)]	47.9%	50.9%		
Debt/Equity (A/B)	91.8%	103.8%		

- (a) Net operating working capital is not an accounting measurement under the IFRSs endorsed by the European Union. The Group management has defined net operating working capital as the algebraic sum of inventories, trade receivables and trade payables.
- (b) Other current assets/liabilities are calculated as the difference between other current assets, current tax receivables, current tax payables and other current liabilities.
- (c) The Group management has defined invested capital as the sum of Shareholders' equity and net financial debt.
- (d) The Group management has defined net financial debt as the sum of amounts Due to banks and other lenders net of Cash and cash equivalents and Current financial receivables.

Main consolidated cash flow figures

The table below presents a comparison between the main consolidated cash flow figures as at 30 June 2022 and as at 30 June 2021 (in thousands of Euros).

(thousands of Euros)	30 June 2022	30 June 2021	Change
Cash flow generated (absorbed) by operations	29,943	16,025	13,918
Net cash flow generated (absorbed) by investment activities	(25,991)	(24,634)	(1,357)
Net cash flow generated (absorbed) by financing activities	(3,548)	7,188	(10,736)
Increase/(decrease) in cash and cash equivalents	404	(1,421)	1,825
Opening cash and cash equivalents	3,217	4,441	(1,224)
Effect of exchange rate fluctuations	(237)	(10)	(227)
Closing cash and cash equivalents	3,858	3,030	828

Company information and business performance

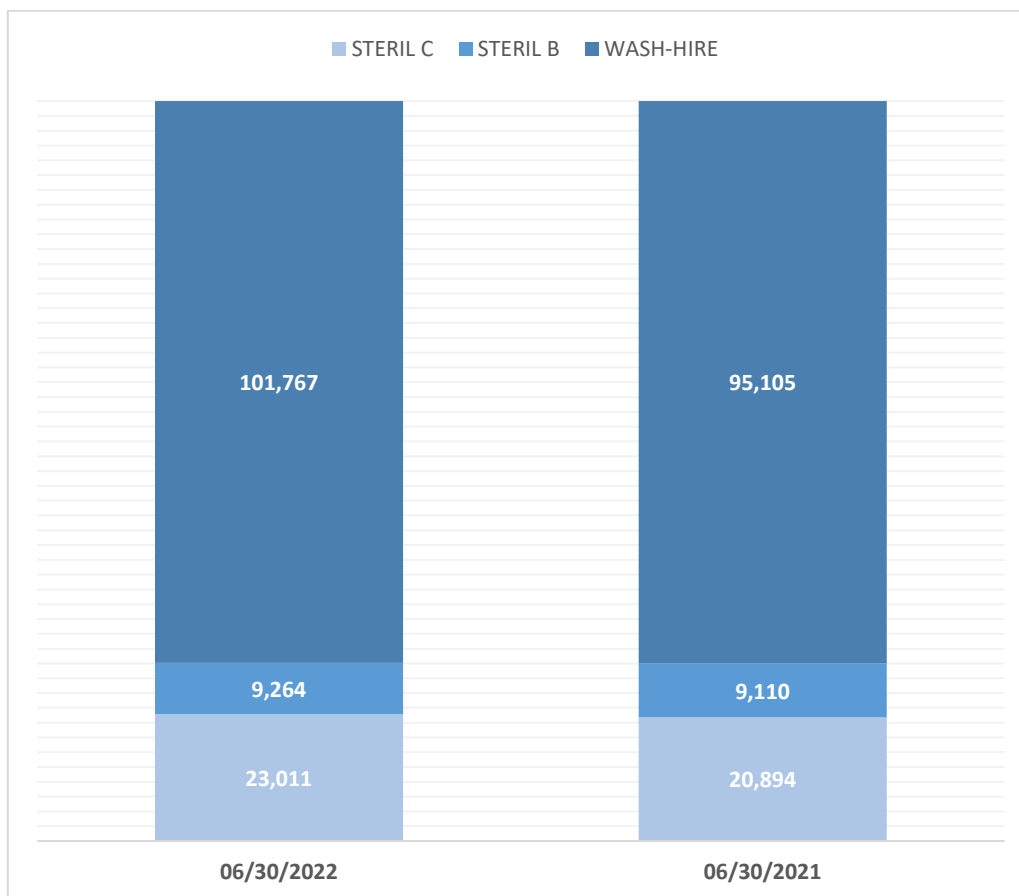
During the first half of 2022, the business performance recorded consolidated revenues of the Servizi Italia Group of Euro 134,042 thousand, with an increase of 7.1% (+7.4% at constant exchange rates) compared to the first half of 2021.

Please note the following as regards revenue from sales and services by sector in the first half of 2022 and the first half of 2021:

- Revenues deriving from wash-hire services (which in absolute terms represent 75.9% of the Group's revenues) go from Euro 95,105 thousand in the first six months of 2021 to Euro 101,767 thousand in the same period of 2022, recording an increase of 7.0% (or 7.4% at constant exchange rates), supported by an important growth in the Italian wash-hire sector which recorded an increase in revenues of 6.5%, an increase connected both to the tenders in the north-east of Italy and to the full recovery of the hotel business which in the first six months of 2021 was essentially irrelevant due to Covid. Revenues in the Brazil area show a positive change in the period of 13.9% mainly driven by the appreciation of the Brazilian real against the Euro (exchange rate effect +16.4%), albeit characterized by a slight decrease in the local currency (-2.5%). The Turkish area recorded a growth in terms of local currency of 59.7%, offset by a negative exchange rate effect of 66.1% (depreciation of the Turkish Lira against the Euro) which led to a negative change of turnover of 6.5%.
- Revenues from linen sterilization services (Steril B) (which in absolute terms represent 6.9% of the Group's revenues) go from Euro 9,110 thousand in the first six months of 2021 to Euro 9,264 thousand, with an increase of 1.7% due to greater supplies of single use material in the centre of Italy.
- Revenues from surgical instruments sterilization services (Steril C) (which in absolute terms represent 17.2% of the Group's revenues) go from Euro 20,894 thousand in 2021 to Euro 23,011 thousand in 2022, with an increase of 10.1% mainly due to new orders in the north-east are of Italy

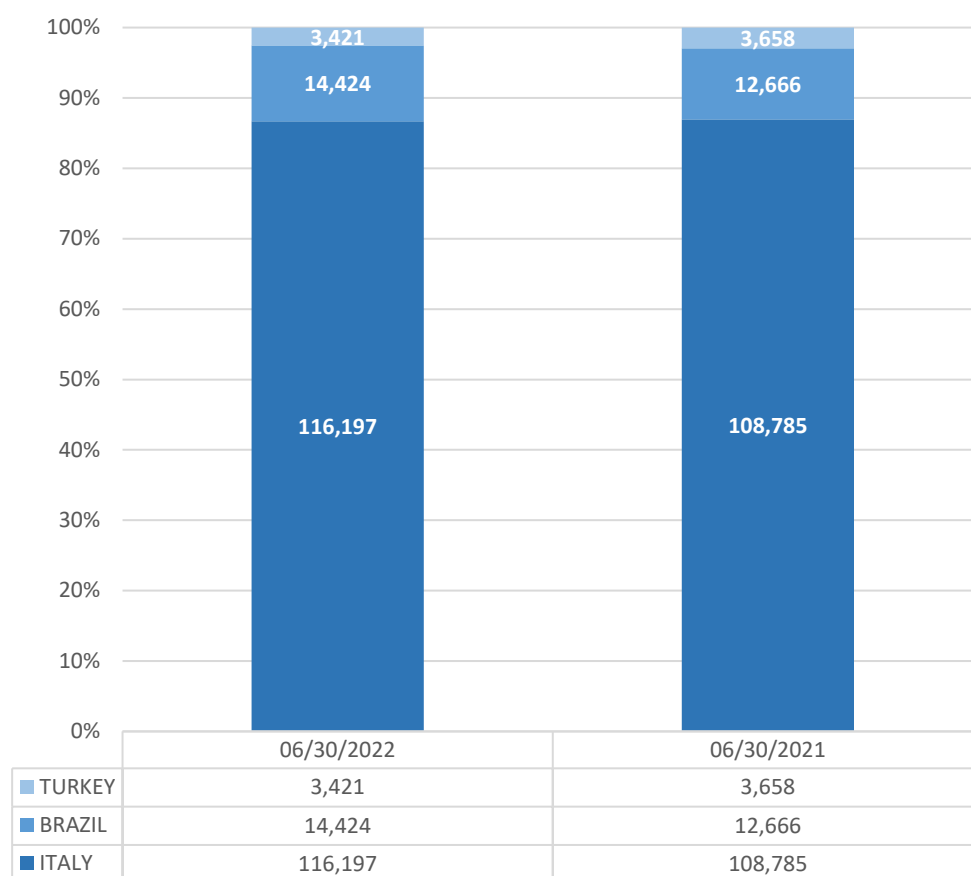
and to the growth recorded in the period by Steritek S.p.A. for validation services (7.1% in absolute terms on the revenues recorded by the segment) which accounts for 0.7% of the line growth. It should also be noted that the growth is driven by the recovery of the operating activities recorded in the first half of 2022 compared to the same period of 2021.

The graph below shows the details of revenue by business line.



The table below shows revenue from sales and services of the Servizi Italia Group by region, broken down by geographical area, for the periods ending on 30 June 2022 and 2021:

(thousands of Euros)	30 June 2022	%	30 June 2021	%	Change %	% Organic change	% Translation Change
Revenues - Italy	116,197	86.7%	108,785	87.0%	6.8%	6.8%	0.0%
Revenues - Turkey	3,421	2.6%	3,658	2.9%	-6.5%	59.7%	-66.1%
Revenues - Brazil	14,424	10.8%	12,666	10.1%	13.9%	-2.5%	16.4%
Sales revenues	134,042	100.0%	125,109	100.0%	7.1%	7.4%	-0.3%



Consolidated **EBITDA** went from Euro 33,454 thousand in the first six months of 2021 to Euro 29,475 in the same period of 2022, going from 26.7% to 22.0% of revenues or a decrease in absolute value of 4.8%. It should be noted that the first half of 2021 was positively influenced by the capital gain relating to the sale of the *workwear* branch of Euro 1.5 million as well as by premiums on certain strategic supplies underlying the start of the orders in the north-east of Italy for Euro 1.2 million. In the first half of 2022 there was a negative impact relating to “*ISTAT effective date*” on Prog.Este S.p.A. for Euro 1,103 thousand, more than offset by the excellent *performance* of the sterilization lines and the significant recovery in turnover recorded by the wash-hire segment. The contraction in the *EBITDA margin* is mainly affected by the growth in costs for services (+2.9%) which is mainly connected to the increases recorded by users such as gas (+2.4% on the *EBITDA margin*) and electricity (+0.4% on the *EBITDA margin*). Moreover, it should be noted that the energy price increases have a different specific weight on the operating segments, in fact the wash-hire alone absorbs about 89% of the energy price increases recorded in the period. Personnel costs were essentially in line in terms of incidence on turnover (-0.1%) compared to the previous period, albeit growing in absolute value (+6.7%) following

the increase in the number of Group employees. In the period there was a slight decrease in operating margin results in the Brazil area (EBITDA margin going from 31.1% to 27.9%), and a significant decrease in Turkey (EBITDA margin which going from 28.6% 2.4%) mainly due to the increases recorded in the period, in different proportions in the respective countries. In fact, it should be noted that the sharp contraction in margins in the Turkey area is mainly attributable to the sudden growth in inflation recorded in 2022 and which directly impacted operating costs.

The consolidated operating result (**EBIT**) went from Euro 6,276 thousand during the first six months of 2021 (5.0% compared to the turnover for the period) to Euro 1,193 thousand during the same period in 2022 (+0.9% compared to the turnover for the period), mainly due to the dynamics already described in the comment on the change in turnover and EBITDA even though with a lower incidence of amortisation and depreciation for the period.

Financial management showed an increase in financial income compared to the same period of the previous year mainly due to exchange gains relating to the appreciation of the Brazilian real against the Euro, to the remeasurement of the debt connected to the *put/call* option to shareholders of the company Steritek S.p.A. for Euro 238 thousand as well as to the effect connected to the high inflation on the monetary items in the Turkey area following the application of the accounting standard IAS 29 for a total of Euro 641 thousand. It should also be noted that the revaluations of some companies valued according to the equity method for a total of Euro 1.619 thousand had a positive impact on the results for the period.

Taxes for the period are negative for Euro 237 thousand with an incidence on the pre-tax result of 10.9% and mainly concern current taxes for the period.

Therefore, the consolidated intermediate financial statements as at 30 June 2022 closed with a **net profit** of Euro 1,945 thousand compared to the net profit of Euro 4,373 thousand for the same period of the year.

Transactions with parent companies and associates

Servizi Italia S.p.A.'s transactions with subsidiaries, associates, jointly controlled companies and parent companies mainly relate to: (i) dealings associated with commercial service agreements; (ii) financial dealings, represented by loans. These transactions are described in detail in the explanatory notes to the Financial Statements, in section 8.

It should also be noted that, in addition to the Regulations adopted by Consob by means of resolution No. 17221 dated 12 March 2010, as amended, on 24 November 2010 the Board of Directors approved the Regulations for related party transactions, posted on the Company's website, and subsequently last updated on 25 June 2021.

Information on treasury shares and/or shareholdings in parent companies

The Shareholders' Meeting of 20 April 2021 renewed the authorisation to purchase and dispose of treasury shares, in accordance with the proposal of the Board of Directors, subsequent to the previous revocation of the authorisation for the purchase and disposal of treasury shares resolved on 28 April 2020. The Board of Directors of Servizi Italia, in implementation of the resolution passed by the

Shareholders' Meeting authorizing the purchase and disposal of treasury shares, resolved to renew the treasury share purchase program. Pursuant to art. 144-bis of the Regulation adopted with Consob resolution no. 11971/99 ("Issuers' Regulation") and having regard to art. 2 of the EU Delegated Regulation 2016/1052 and to Consob guidelines, the details of the purchase program are provided below.

Program's objective: the treasury shares purchase plan - in accordance with the resolution of the Company's Shareholders' Meeting today - aims to establish a stock of treasury shares to possibly use as consideration in extraordinary transactions and/or in trades and/or in the disposal of equity investments, and simultaneously represents an efficient investment opportunity for the company's liquidity.

Maximum quantity of shares to be purchased and maximum countervalue: the maximum quantity of treasury shares to be purchased in execution of the program, in compliance with the authorization of the Shareholders' Meeting of 20 April 2021, is equal to 6,361,890 ordinary shares of the Company (corresponding to a fifth of the share capital), considering the shares already held by the Company from time to time. The maximum amount of money earmarked for the execution of the program is estimated at an amount not exceeding Euro 14.5 million. The purchase may take place in multiple solutions, in compliance with the aforementioned Shareholders' Meeting authorization.

Duration of the program: the duration of the program was identified by the Board of Directors in the period 21 April 2021 - 20 October 2022, inclusive. It is recalled that: (i) the authorization to purchase treasury shares approved by today's Shareholders' Meeting has a duration of 18 months from the date of the resolution and will in fact expire on 20 October 2022; while (ii) the authorization to dispose of treasury shares, even before the purchases have been completed, was given by the Shareholders' Meeting without time limits.

Purchase procedure: in accordance with authorisation by the shareholders' meeting on 20 April 2021, purchases of treasury shares will be conducted on the Mercato Telematico Azionario (MTA, electronic stock market) through the broker INTERMONTE SIM S.p.A., in accordance with the operating methods and at the price conditions pursuant to the provisions of Articles 3 and 4, paragraph 2, letter b) of Delegated Regulation EU 2016/1052, and in accordance with the principle of equality of treatment of Shareholders and the guidelines adopted by the Supervisory Authority. In particular, the purchase price of each share must be, as a minimum, at least 20% and, as a maximum, not greater than 20% of the weighted average of the official prices of the shares recorded by Borsa Italiana on the MTA in the 3 days prior to each individual purchase, without prejudice to the fact that it cannot be greater than the higher of the last independent transaction and the highest current independent asking price on the MTA, in accordance with the shareholders' resolution of 20 April 2021 and any other applicable regulations (even European). Furthermore, the shares purchased during each session may not exceed 25% of the average daily volume of Servizi Italia S.p.A. shares traded on the MTA, calculated based on the daily average volume of trades in the 20 trading days prior to the purchase date.

As at 30 June 2022, the company held 2,260,039 treasury shares, equal to 7.10% of share capital, as a result of the purchases and sales made on the market regulated and managed by Borsa Italiana.

On 1 August 2022, the Company announced that up to 29 July 2022 it had acquired 2,286,514 treasury shares on the market regulated and managed by Borsa Italiana, equal to 7.19% of the share capital.

Significant events and transactions

On 15 April 2022 the Parent Company received from the project company Prog.Este. S.p.A. a communication in which the loss of the same is announced at the Court of Appeal of Bologna, and the waiver of further appeal regarding the lawsuit brought by the Hospital of Ferrara and qualified as "*ISTAT effective date*". The sentence established the correct starting date for the application of ISTAT for the period on the enhancement of the services offered, which accrues not from the date of stipulation of the project financing (2006), but from the following year, that is to say from 31 December 2007. The period subject to recalculation pertaining to Servizi Italia concerns the years from 2014 to 2021 for a total amount of Euro 1,103 thousand. The Parent Company has made provision for the aforementioned amount during the period, which is exceptional in terms of both the amount and its occurrence.

On 20 April 2022, the ordinary session of the Shareholders' Meeting:

- approved the financial statements of the Parent Company closed on 31 December 2021 and the allocation of the result for the year;
- it expressed its favourable opinion on the second section of the Report on the remuneration policy of Servizi Italia S.p.A. and on the remuneration paid;
- appointed the supplementary members of the Board of Statutory Auditors, also determining their relative remuneration.

The main characteristics of the awarded contracts, which have an annual contract value of more than Euro 50 thousand, are indicated below:

Customer	Service provided	Duration years	Contract value per year (thousands of Euros)
AOU Gaetano Martino of Messina*	Surgical instruments sterilisation service	8	2,068
CUC della Carnia - APSP La Quiete di Udine*	Hotel and support services	5	578
Burlo Garofolo Mother and child IRCCS (Scientific Institute for Research, Hospitalization and Healthcare)*	Surgical instruments sterilisation service	1	102
University Hospital of Cagliari**	Surgical instruments hire and sterilisation service	7	215
Social Services Company ASSB of Bolzano *	Integrated laundry wash service	3 months	138

* renewed

** new customer

The contracts that ended during the reference period are outlined below:

Customer	Service provided	Contract value per year (thousands of Euros)
Sant'Orsola Malpighi Hospital of Bologna	Integrated linen wash-hire service	4,325
ASST Sette Laghi - PO Tradate	Integrated linen wash-hire service	220

Covid-19 disclosure

The Covid-19 viral epidemic has imposed the need to contain epidemiological development as much as possible, leading to changes in hospital procedures and activities regarding hygiene guarantees for medical and nursing staff, for wards and in-patients designated for the treatment of infections caused by the Coronavirus. All the activities of the Group, which operates in strict compliance with the relevant regulations, were only in part influenced by the evolution of the contingent epidemiological situation during the period without recording significant impacts. We are confident that the effects associated with the pandemic risk will gradually diminish and that the Group will be able to adapt, as it has done in the past, to the consequent regulatory and market changes.

Significant events after the end of the half

On 15 July 2022, Servizi Italia S.p.A. announced to have completed the purchase by exercising a *call* option for the same of a further 25% of the share capital of Steritek S.p.A., thus now holding 95% of the share capital. The consideration for 25% of the share capital of Steritek was equal to Euro 1.34 million. The definition of the price was based on the 2020 and 2021 results subject to statutory audit and on the net financial position of Steritek at the date of exercise of the *call* option. The transaction follows what was communicated on 5 September 2017 and is implemented with the same purposes that will allow Servizi Italia to hold 100% of Steritek S.p.A., breaking down the acquisition of the residual capital into two stages:

- i. Acquisition on 15 July 2022 of 25% of the share capital of Steritek through the exercise of a *call* option;
- ii. Assignment to Servizi Italia and to the seller, holder of the residual 5% of the share capital of Steritek and Chief Executive Officer of the Company, of respectively buy (*call*) and sell (*put*) options, aimed at allowing Servizi Italia to hold the entire capital of Steritek within 4 years (2026) or within 7 years (2029).

The deferred purchase of the remaining 5% of the shares (which has a floor of Euro 268 thousand) is aimed at further consolidating the profitable partnership between Servizi Italia and the seller. For more information, please refer to the press release on the Parent Company's website.

Business outlook

Although the short and medium-term forecasts are complex due to the destabilizing geopolitical context and the significant price increases recorded, for the year 2022 the Group anticipates positive results in Italy and Brazil, while the relative evolving scenario is more complex in relation to Turkey, increasingly oppressed by a context of growing inflation and currency volatility which affects operating costs and financial charges more than proportionally warranted compared to the other areas in which the Group operates. At the basis of the sound elements to counter this moment of uncertainty is the Group's customer portfolio, which is presumed not to be affected directly by the "Donbass crisis". Moreover, the Group does not operate directly with stakeholders involved in economic restrictions approved by the European Council through Decision (EU) 2022/266 and Regulation (EU) 2022/263. For the next few months, margin recovery actions are also planned aimed at the recognition to customers of a temporary refund aimed at partially mitigating the significant

increase in energy costs. In the medium-term strategy, despite the uncertainty of a situation deriving from an increase in energy and raw material costs which is presumed to persist beyond the current year, the Group expects an organic consolidation of its leadership position in the Italian and foreign market and a continuous search for optimization and efficiencies. The Group will continue to operate to reach its objectives and comply with commitments undertaken and aims to maintain a solid capital situation through an adequate financial balance and good creditworthiness with banking institutions.

Derivatives

As of 30 June 2022, the Group has no management policies for derivative financial instruments. Some not wholly-owned companies which are not, therefore, consolidated on a line-by-line basis have taken out derivative financial instruments to hedge the risk of fluctuations in interest rates on loans taken out as part of project financing, given the significant amount of financial commitments undertaken and the over ten-year duration of the same. The economic and financial effects of such derivatives are incorporated into the valuations of equity investments in the companies that hold them.

Risk management information

The Group has developed a model based on an integrated and adequate risk management and internal control system. All main risks arising from the “core business” were identified, measured and managed, using the process of analysis of the risks according to the principles of the new COSO-ERM framework (Committee of Sponsoring Organization of the Treadway Commission) - (Enterprise Risk Management):

- governance and risk culture;
- strategy and definition of risk targets;
- risk analysis;
- risk information, communication and reporting;
- monitoring of the performance of the risk model.

The model adopted by the Group is meant to ensure the Company's continuity and the adequacy of its processes, activities and services in terms of:

1. Business objectives:

- achievement of objectives set within company strategies;
- effective and efficient use of organisational resources.

2. Governance objectives:

- ensuring the reliability, accuracy, trustworthiness and timeliness of financial reporting;
- preservation of the company assets;
- compliance with laws, regulations, contracts, ethical and company rules;
- protection of ethical and social responsibilities;
- sustainable success.

The Board of Directors, through the Manager of the internal control and risk management system and the Head of Internal Audit, has implemented special processes to identify the responsibilities for the control of the risk, so as to ensure the soundness and the continuity of the business in the long term.

To this end, an internal control system has been set up to monitor the risks associated with the activity. In particular, this control system has been reflected in the internal regulations of the Group and of the different companies subject to coordination and control (for example, Model 231/01, Code of Ethics, Guidelines for the internal control and risk management system, Group Policies relating to the Servizi Italia compliance program).

The internal risk control system of the Servizi Italia Group is divided into three levels:

1. **first level:** the operating units identify, assess, monitor, mitigate and report the risks deriving from the ordinary business activity, ensuring that operations are in line with the risk limits and targets assigned;
2. **second level:** the Director in charge of the internal control system is responsible for the control of all categories of risk and must provide a clear representation to the Governance and Related Parties Committee or to the Board of Directors of the risk profile of the Group as a whole and its soundness;
3. **third level:** Internal Auditing, which reports directly to the Board of Directors, also with the contribution of external qualified officers/professionals local representatives for an adequate third level procedure, assesses the suitability of the overall internal control and risk management system to ensure the effectiveness and efficiency of processes, the safeguarding of company assets, the reliability and integrity of accounting and management information, compliance with internal and external regulations and management instructions.

The risk control process is common to all control functions, in line with reference best practices; the different types of risks are defined in the Group Risk Policy, which is subject to periodic updating at least once a year. The Risks Map represents the Group's Risk Appetite Framework (hereinafter, in brief, also "RAF"), i.e. the key instrument with which the Board of Directors defines the propensity to risk, tolerance thresholds, sustainable risk limits, risk governance policies and the framework of related organisational processes. The RAF and, therefore, the internal regulations on risk management also consider aspects related to the management of the risks of a social, environmental and economic nature (ESG).

Information on proceedings in progress

The Parent Company has proceedings in progress before the Court of Modena for the administrative liability of legal entities - pursuant to Italian Legislative Decree no. 231/2001 - for an alleged violation of Art. 319 of the Italian Criminal Code, with reference to the awarding of a tender issued by AOU Policlinico di Modena for a nine-year "Global Service" contract, through resolution of 19.12.2008 to the RTI (temporary joint consortium) established by Coopservice Soc.Coop.p.A., in its capacity as lead contractor, and by other companies including Servizi Italia S.p.A., Padana Everest S.r.l. and Lavanderia Industriale ZBM S.p.A. (companies subsequently merged by incorporation into Servizi Italia S.p.A.) as principals. It should be noted that, at the hearing on 16 February 2021, the Court of Modena ruled in favour of the Chairman, Mr. Roberto Olivi and Messrs. Enea Righi and Luciano Facchini, former directors with powers of representation of Servizi Italia, judgement of not having to proceed due to prescription with consequent extinction of the disputed crime. Currently, therefore, as specified above, the procedure continues exclusively against the entities so as to initiate the investigation also

in terms of the non-existence of the predicate offence already declared prescribed in relation to the predicate offences referred to in Legislative Decree no. 231 of 2001. For completeness, it should be noted that to date the contracting authority has not revoked the contract, nor communicated its intention to evaluate the possible revocation of the same.

In January 2019, Servizi Italia was awarded, as principal, the RTI formed by Coopservice Soc. Coop p.a., Servizi Italia S.p.A. and others, in relation to the contract for the assignment of the management of integrated support services to the person at the University Hospital of Bologna for a period of six years and for an annual value, limited to Servizi Italia's share, equal to approximately Euro 4 million. On 20 August 2020, the Council of State unexpectedly overturned the previous rulings of the Regional Administrative Court and of the Council of State which, by cancelling the request for suspension by the plaintiff, had allowed the Temporary Joint Venture of which Servizi Italia is a party to take over during the month of February 2020 in the provision of the service following the award. In view of this last ruling, acting in the name and on behalf of the above mentioned Temporary Joint Venture, pursuant to art. 395 of the Code of Civil Procedure and to art. 106 of the Code of Administrative Procedure, the parent company unsuccessfully proposed an appeal for revocation before the Council of State. To date, an appeal is pending before the Supreme Court of Cassation for lack of jurisdiction.

The Group, having carried out the necessary verifications and assessed with the support of its legal consultants, on the one hand, the soundness of its defensive arguments and, on the other, the uncertainty and unreliability of the current estimate of possible economic damage, has not yet decided to make provisions in the financial statements.

Risk Factors

In order to minimise different types of risks to which it is exposed, the Group has adopted time scales and control methods that allow Company management to monitor risks and to appropriately inform the Director in charge of the internal control system and (also through him) the Board of Directors.

Without prejudice to the principle of continuous monitoring and considering the characteristics of the Group's activities, a review of the risk assessment indicates that the Group has been able to achieve the desired mitigation of the primary operational, financial, strategic and compliance risks identified by taking the planned organisational and operating measures and implementing and documenting control points within company processes.

The Servizi Italia Group's activities are exposed to various risk types, including interest rate fluctuations and credit, liquidity and cash flow risks. To minimise such risks, the Group has adopted timescales and control methods which allow the company Management to monitor risks and inform the Board of Directors so that it may approve all transactions involving a commitment by the Group with respect to third-party lenders.

Other information

Servizi Italia S.p.A., pursuant to article 3 of the Consob Resolution no. 18079 of 20 January 2012, decided to join the out-put regime set forth in articles 70, paragraph 8, and 71, paragraph 1-bis, of the Consob Regulations n. 11971/99 (as amended), availing itself of the right to derogate from the

obligation to publish the information documents as set forth in annex 3B of the above mentioned Consob Regulations when carrying out significant merging, demerging, share capital increases through contributions in kind, acquisitions and transfer operations.

With reference to the changes made to the regulatory framework in 2016, Servizi Italia S.p.A. publishes the additional periodical information, meeting the obligations specified for the issuers listed in the Euronext STAR Milan segment in Art. 2.2.3, Par. 3, of the Regulations for the Markets organised and managed by Borsa Italiana S.p.A. and in the notice No. 7578 issued by Borsa Italiana on 21 April 2016.

Human resources and industrial relations

Servizi Italia Group's total employees, including those of the consolidated companies, were as follows as at 30 June 2022:

Company	Executives	Middle managers	White-collar staff	Blue-collar staff	Total
Servizi Italia S.p.A.	12	26	173	1,732	1,943
Steritek S.p.A.	-	-	27	-	27
Wash Service S.r.l.	-	-	7	41	48
Ekolav S.r.l.	-	-	8	46	54
SRI Empreendimentos e Participações Ltd	1	-	-	-	1
Lavsim Higienização Têxtil S.A.	1	5	48	476	530
Maxlav Lavanderia Especializada S.A.	1	1	18	436	456
Vida Lavanderias Especializada S.A.	-	1	2	10	13
Aqualav Serviços De Higienização Ltda	-	-	10	233	243
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	2	1	5	335	343
Ergülteks Temizlik Tekstil Ltd. Sti.	-	-	2	130	132
TOTAL	17	34	300	3,439	3,790

In the first months of the year, several meetings were held between the Parent Company and the trade unions during which, taking into account the reference context, which remains critical compared to 2021, as well as the recent conflict in Ukraine and the related repercussions in terms of energy price increases, the Parties agreed to sign a supplementary agreement that envisages a different validity from the regulatory and economic parts.

As a result of the above, the new Supplementary Agreement was signed on 9 June 2022, with a three-year duration (2022-2024) for the regulatory part and annual validity as regards the regulation of the Performance Bonus (2022).

Training and development

In the first half of 2022, implementation began of the activities envisaged by the Annual Training Program for the current year. In addition to guaranteeing constant updating of all staff, the training main objectives focused on supporting the professional development of junior employees and strengthening the skills of those with roles of responsibility, aware that these processes represent strategic leverage for the growth of the company.

The main training areas were:

- Health and safety at work, also in addition to the mandatory one provided for by Legislative Decree 81/08, in order to promote the culture of safety;
- Technical/specialist training for the updating of specific skills;
- Training on energy, environmental and sustainability issues to bring *management* closer to the ecological transition process.

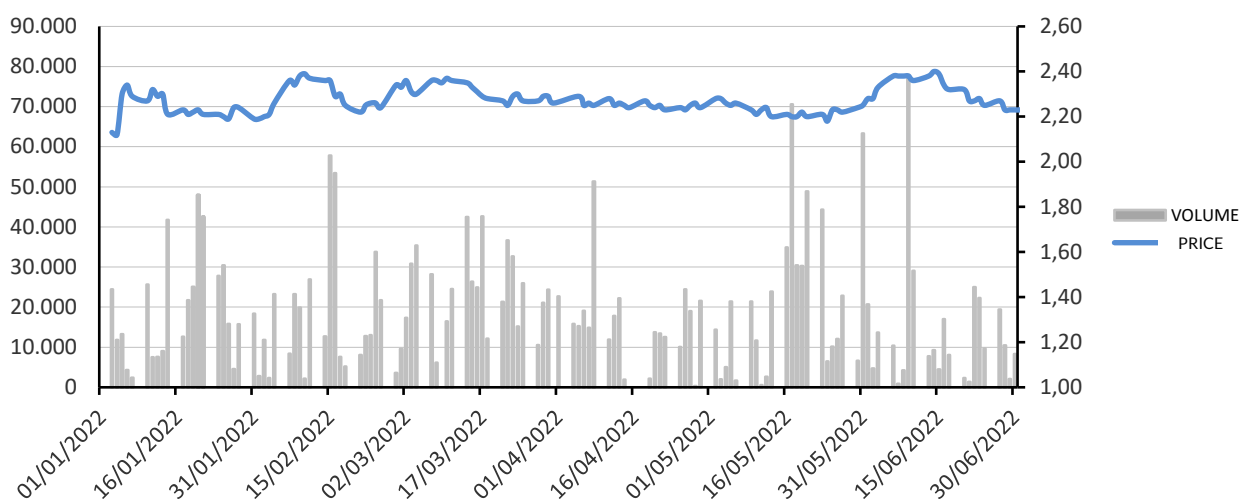
Finally, thanks also to the relaxation of the restrictions on face-to-face training due to Covid-19, it was possible to resume team building and team coaching paths to support the organizational change that is affecting, in particular, the Service Management area and which involved warehouse managers, supply chain specialists and buyers.

Servizi Italia and the financial markets

From 22 June 2009, the stock of Servizi Italia (SRI.MI) has been traded on the Euronext STAR Milan segment. The main share and stock exchange data as at 30 June 2022 is disclosed below along with share volume and price trends:

Share and stock exchange data	30 June 2022
No. of shares making up the share capital	31,809,451
Price at IPO: 4 April 2007	8.50
Price as of 30 June 2022	1.36
Maximum price during the period	2.11
Minimum price during the period	1.35
Average price during the period	1.81
Volumes traded during the period	2,458,564
Average volumes during the period	19,359

Share volumes and Prices as at 30 June 2022



During the reporting period, the investor relations team participated in the MidCap Event in Paris (11 May 2022). During the meetings, which were held in person, the Group's top management met with various analysts and investors; in addition to this, throughout the period, the Investor Relations Team

remained available for individual and group calls with anyone interested in obtaining information and analysing activities and businesses.

In addition to the research study by Specialist Intermonte SIM, the Group also appointed Midcap Partners (Appointed rep by Louis Capital Markets UK, LLP).

The Chairman of the Board of Directors
(Roberto Olivi)

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE SERVIZI ITALIA GROUP AS AT 30 JUNE 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	Note	30 June 2022	of which with related parties (Note 8)	31 December 2021	of which with related parties (Note 8)
ASSETS					
Non-current assets					
Property, plant and equipment	6.1	169,011	20,541	163,326	20,553
Intangible assets	6.2	4,100	-	4,477	-
Goodwill	6.3	63,208	-	62,684	-
Equity-accounted investments	6.4	30,737	-	27,486	-
Equity investments in other companies		3,193	-	3,305	-
Financial receivables		5,325	4,341	3,746	2,422
Deferred tax assets	6.5	9,282	-	8,349	-
Other assets		3,108	-	3,495	-
Total non-current assets		287,964		276,868	
Current assets					
Inventories		8,523	-	8,408	-
Trade receivables	6.6	68,006	8,828	65,139	7,731
Current tax receivables		1,902	-	1,872	-
Financial receivables		9,390	7,860	6,087	4,938
Other assets	6.7	10,661	-	9,585	-
Cash and cash equivalents		3,858	-	3,217	-
Total current assets		102,340		94,308	
TOTAL ASSETS		390,304		371,176	
SHAREHOLDERS' EQUITY AND LIABILITIES					
Group shareholders' equity					
Share capital		29,549	-	29,809	-
Other reserves and retained earnings		97,219	-	82,375	-
Profit (loss) for the period		2,207	-	7,500	-
Total shareholders' equity attributable to shareholders of the parent company		128,975		119,684	
Total shareholders' equity attributable to non-controlling interests		2,238		1,435	
TOTAL SHAREHOLDERS' EQUITY	6.8	131,213		121,119	
LIABILITIES					
Non-current liabilities					
Due to banks and other lenders	6.9	48,248	20,068	58,750	20,543
Deferred tax liabilities	6.10	2,784	-	2,107	-
Employee benefits	6.11	8,774	-	8,338	-
Provisions for risks and charges	6.12	5,100	-	4,834	-
Other financial liabilities	6.14	391	-	388	-
Total non-current liabilities		65,297		74,417	
Current liabilities					
Due to banks and other lenders	6.9	85,446	1,729	76,251	1,661
Trade payables	6.13	84,949	7,188	75,685	7,008
Current tax payables		393	-	276	-
Employee benefits		622	-	719	-
Other financial liabilities	6.14	1,623	-	2,454	-
Provision for risks and charges	6.12	1,082	-	1,526	-
Other payables	6.15	19,679	-	18,729	-
Total current liabilities		193,794		175,640	
TOTAL LIABILITIES		259,091		250,057	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		390,304		371,176	

CONSOLIDATED INCOME STATEMENT

(thousands of Euros)	Note	30 June 2022	of which with related parties (Note 8)	30 June 2021	of which with related parties (Note 8)
Sales revenues	7.1	134,042	7,307	125,109	6,394
Other income	7.2	2,868	357	5,035	434
Raw materials and consumables	7.3	(14,731)	(83)	(13,573)	(82)
Costs for services	7.4	(46,777)	(9,250)	(40,045)	(9,783)
Personnel expense	7.5	(45,257)	(443)	(42,417)	(434)
Other costs		(670)	(32)	(655)	(16)
Depreciation/amortisation, impairment and provisions	7.6	(28,282)	(1,013)	(27,178)	(973)
Operating profit		1,193		6,276	
Financial income	7.7	1,457	258	398	271
Financial expenses	7.7	(2,339)	(592)	(2,241)	(665)
Income/(expense) from equity investments		252	-	24	-
Share of profit/loss of equity-accounted investments	6.4	1,619	-	666	-
Profit before tax		2,182		5,123	
Current and deferred taxes	7.8	(237)		(750)	
Profit (loss) for the period		1,945		4,373	
of which: portion attributable to shareholders of the parent		2,207		4,307	
Attributable to non-controlling interests		(262)		66	
Basic profit/(loss) per share (in Euros)	7.9	0.07		0.14	
Diluted profit/(loss) per share (in Euros)	7.9	0.07		0.14	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of Euros)	30 June 2022	30 June 2021
Profit (loss) for the period	1,945	4,373
<i>Other comprehensive income that will not be reclassified to the Income Statement</i>		
Actuarial gains (losses) on defined benefit plans	-	-
Income taxes on other comprehensive income	-	-
<i>Other comprehensive income that may be reclassified to the Income Statement</i>		
Gains (losses) from translation of foreign financial statements	4,184	1,052
Portion of comprehensive income of the investments measured using the equity method	1,695	377
Income taxes on other comprehensive income	-	-
Total other comprehensive income after taxes	5,879	1,429
Total comprehensive income for the period	7,824	5,802
of which: portion attributable to shareholders of the parent	8,253	5,895
Attributable to non-controlling interests	(429)	(93)

CONSOLIDATED CASH FLOW STATEMENT

<i>(thousands of Euros)</i>	Note	as at 30 June 2022	of which with related parties (Note 8)	as at 30 June 2021	of which with related parties (Note 8)
<i>Cash flow generated (absorbed) by operations</i>					
Profit (loss) before tax		2,182	-	5,122	-
Payment of current taxes		(202)	-	(185)	-
Amortisation	7.5	28,324	-	26,964	-
Impairment and provisions	7.5	(42)	-	215	-
Gains/losses on equity investments	6.4	(1,871)	-	(690)	-
Gains/losses on disposal		(692)	-	(1,679)	-
Interest income and expense accrued	7.6	882	-	1,843	-
Interest income collected		369	-	54	-
Interest expense paid		(1,382)	-	(1,171)	-
Interest paid on liabilities for leasing		(933)	(592)	(1,009)	(665)
Provisions for employee benefits	6.11	314	-	463	-
		26,949		29,927	
(Increase)/decrease in inventories		137		(826)	-
(Increase)/decrease in trade receivables	6.6	(5,582)	(3,934)	(11,528)	1,198
Increase/(decrease) in trade payables	6.13	9,676	(180)	4,838	908
Increase/(decrease) in other assets and liabilities		(1,279)	-	(5,872)	(1770)
Settlement of employee benefits	6.11	42	-	(514)	-
Cash flow generated (absorbed) by operations		29,943		16,025	
<i>Net cash flow generated (absorbed) from investment activities in:</i>					
Intangible assets	6.2	(179)	-	(310)	-
Property, plant and equipment	6.1	(26,154)	-	(33,666)	-
Dividends received		342	-	119	-
(Acquisitions)/Disposals		-	-	9,478	-
Equity investments	6.4	-	-	(255)	-
Net cash flow generated (absorbed) by investment activities		(25,991)		(24,634)	
<i>Cash flow generated (absorbed) from financing activities in:</i>					
Financial receivables		(2,255)	(2,004)	308	(203)
Dividends paid	6.8	-	-	(67)	-
Net (purchase)/sales of treasury shares	6.8	(468)	-	(615)	-
Capital increase (payments from minority shareholders)		-	-	-	-
Current due to banks and other lenders	6.9	11,676	-	(558)	-
Non-current due to banks and other lenders	6.9	(10,734)	-	9,961	-
Reimbursement of liabilities for leasing		(1,767)	(840)	(1,841)	(745)
Cash flow generated (absorbed) from financing activities		(3,548)		7,188	
(Increase)/decrease in cash and cash equivalents		404		(1,421)	
Opening cash and cash equivalents		3,217		4,441	
Effect of exchange rate fluctuations		(237)		(10)	
Closing cash and cash equivalents		3,858		3,030	
Increase/(decrease) in cash and cash equivalents		404		(1,421)	

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>(thousands of Euros)</i>	Share capital	Share premium reserve	Legal reserve	Retained earnings	Translation reserve	Profit (loss) for the period	Reserves and profit (loss) of non-controlling interests	Total Shareholders' Equity
Balance as at 1 January 2021	30,259	50,229	6,618	59,066	(32,582)	2,761	2,235	118,586
Allocation of profit from the previous year	-	-	-	2,761	-	(2,761)	-	-
Distribution of dividends	-	-	-	-	-	-	(114)	(114)
Treasury share transactions	(269)	(347)	-	-	-	-	-	(616)
Profit (loss) for the period	-	-	-	-	-	4,307	66	4,373
Other components of comprehensive income	-	-	-	377	1,211	-	(159)	1,429
Balance as at 30 June 2021	29,990	49,882	6,618	62,204	(31,371)	4,307	2,028	123,658

<i>(thousands of Euros)</i>	Share capital	Share premium reserve	Legal reserve	Retained earnings	Translation reserve	Profit (loss) for the period	Reserves and profit (loss) of non-controlling interests	Total Shareholders' Equity
Balance as at 1 January 2022	29,809	49,675	6,618	62,484	(36,402)	7,500	1,435	121,119
Allocation of profit from the previous year	-	-	-	7,500	-	(7,500)	-	-
Distribution of dividends	-	-	-	-	-	-	-	-
Treasury share transactions	(260)	(209)	-	-	-	-	-	(469)
High Inflation effect Turkey	-	-	-	1,507	-	-	1,232	2,739
Profit (loss) for the period	-	-	-	-	-	2,207	(262)	1,945
Other components of comprehensive income	-	-	-	1,695	4,351	-	(167)	5,879
Balance as at 30 June 2022	29,549	49,466	6,618	73,186	(32,051)	2,207	2,238	131,213

EXPLANATORY NOTES

1 Foreword

These half-year condensed consolidated financial statements as at 30 June 2022 of the Servizi Italia Group, subject to limited audit, have been prepared in compliance with Art. 154 ter of Italian Legislative Decree 58/1999 as amended as well as the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), on the basis of the text published in the Official Journal of the European Communities (OJEC). These half-year financial statements have been prepared in “condensed” form as established by IAS 34, and therefore do not include all the information normally included in the annual financial statements and must therefore be read together with the Group’s consolidated financial statements as at 31 December 2021.

The condensed half-yearly financial statements include the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the statement of changes in consolidated shareholders’ equity, the consolidated cash flow statement and the notes, in line with the requirements of IFRS.

The half-year condensed consolidated financial statements were drafted in compliance with the IFRS issued by the International Accounting Standards Board and approved by the European Union at the time of drafting of these financial statements. IFRS mean also all revised international accounting standards (IAS) and all interpretations of the International Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

IFRS accounting standards, amendments and interpretations applied as from 1 January 2022

The following IFRS accounting principles, amendments and interpretations were applied for the first time by the Group starting on 1 January 2022:

- On 14 May 2020, the IASB published the following amendments:
 - **Amendments to IFRS 3 Business Combinations:** the purpose of the amendments is to update the reference in IFRS 3 to the revised Conceptual Framework, without this implying changes to the provisions of the standard.
 - **Amendments to IAS 16 Property, Plant and Equipment:** the purpose of the amendments is not to allow the deduction from the cost of tangible assets the amount received from the sale of assets produced in the test phase of the same assets. These sales revenues and the related costs will therefore be recognized in the income statement.
 - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that all costs directly attributable to the contract must be considered in the estimate of the possible cost of a contract. Consequently, the assessment of the possible cost of a contract includes not only incremental costs (such as, for example, the cost of the direct material used in the processing), but also all the costs that the company cannot avoid since it has stipulated the contract (such as, for example, the portion of depreciation of the machinery used to fulfil the contract).
 - **Annual Improvements 2018-2020:** the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

The adoption of these amendments did not impact the consolidated financial statements of the Group.

IFRS accounting standards, amendments and interpretations approved by the European Union, not yet mandatorily applicable and not early adopted by the Group as at 30 June 2022

- On 12 February 2021, the IASB published two amendments called "**Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**" and "**Definition of Accounting Estimates - Amendments to IAS 8**". The amendments are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of the financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, though early adoption is allowed.

Directors do not expect any significant effect on the consolidated financial statements of the Group when these amendments are adopted.

IFRS accounting standards, amendments and interpretations still not approved by the European Union.

At the reference date of this document report, the European Union had not yet concluded the approval process needed for the adoption of the amendments and standards described below.

- On 23 January 2020, the IASB published an amendment entitled "**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**". The purpose of the document is to clarify how to classify payables and other short or long-term liabilities. The amendments come into effect on 1 January 2023; early adoption is in any case allowed.

Directors do not expect any significant effect on the consolidated financial statements of the Group when this amendment is adopted.

- On 7 May 2021, the IASB published an amendment called "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The document clarifies how deferred taxes on certain transactions which can generate assets and liabilities of the same amount, such as leasing and dismantling obligations, must be accounted for. The amendments will apply from 1 January 2023, though early adoption is allowed. Directors do not expect any significant effect on the consolidated financial statements of the Group when this amendment is adopted.

1.1 Core Business

The Group primarily works in the domestic market as well as in the State of São Paulo (Brazil), Albania, India, Morocco, and Turkey, in supplying integrated rental, washing and sterilisation services for textiles and surgical instruments to social/welfare, hotel and public and private hospital facilities. In particular, the Group offers the following services: (a) wash-hire, including (i) planning and provision of integrated rental, reconditioning (disinfection, washing, finishing and packaging) and logistics (pick-up and distribution to usage centres) services for textile items, mattresses and accessories (pillowcases, curtains), (ii) rental and washing of high visibility “118” emergency service items and (iii) logistics and management of hospital wardrobes; (b) linen sterilisation services, including the planning and rental of sterile medical devices for operating theatres (linens for operating theatres and scrubs) packed in sets for the operating theatre, in cotton or in re-usable technical fabric, as well as personal protection equipment (gloves, masks); and (c) surgical instrument sterilisation services including (i) planning and provision of washing, packaging and sterilisation services for surgical instruments (owned or rented) and accessories for operating theatres and (ii) planning, installation and renovation of sterilisation centres.

2 The Company as part of a group

Servizi Italia S.p.A. is a subsidiary of the Coopservice S.c.p.A. group, with registered offices in Reggio Emilia, which holds a controlling shareholding via the company Aurum S.p.A.; therefore, said entity indirectly controls the Servizi Italia Group.

Servizi Italia S.p.A. is not subject to management and coordination by either the direct parent company Aurum S.p.A. or the indirect parent company Coopservice S.c.p.A. In fact, Servizi Italia S.p.A. operates in conditions of corporate and entrepreneurial autonomy and in commercial relations with its customers and suppliers and independently defines its business plans and/or budgets. Furthermore, Servizi Italia S.p.A. - in compliance with the provisions of Italian Law No. 262 dated 28 December 2005 - has adopted all the necessary measures which permit it not to be subject to management and coordination activities.

3 Consolidation principles and accounting standards

3.1 Consolidation principles

The half-year condensed consolidated financial statements as at 30 June 2022 include the financial statements of Servizi Italia S.p.A. and of the companies over which it exercises direct or indirect control, beginning on the date on which it is acquired and until the date on which it is no longer held.

Investments in associates and jointly controlled companies (joint ventures) are measured using the equity method, while jointly controlled assets (joint operations) are recorded by recognising the portion of the assets and liabilities, costs and revenues that pertain thereto, directly into the financial statements of the company that is party to the agreements.

The financial statements consolidated line-by-line drafted as at 30 June 2022 are those appropriately prepared and approved by the administrative bodies, and have been adjusted as required to bring them into line with the accounting standards of Servizi Italia S.p.A.

The consolidation criteria are the same as those applied in the Group's consolidated financial statements as at 31 December 2021.

3.2 Scope of Consolidation

The scope of consolidation includes the following subsidiaries (consolidated line-by-line):

(thousands)	Name of the Company	Currency	Share capital as at 30 June 2022	Percent interest as at 30 June 2022	Percent interest as at 31 December 2021
San Martino 2000 S.c.r.l.	Genoa - Italy	EUR	10	60%	60%
Steritek S.p.A.	Malagnino (Cremona)- Italy	EUR	134	70%	70%
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi Ve Ticaret Ltd Şirketi	Ankara - Turkey	TRY	20,000	55%	55%
Ergülteks Temizlik Tekstil Ltd. Sti.**	Smyrna - Turkey	TRY	1,700	57.5%	57.5%
SRI Empreendimentos e Participacoes LTDA	São Paulo - Brazil	BRL	217,758	100%	100%
Lavsim Higienização Têxtil S.A.*	São Roque, State of São Paulo - Brazil	BRL	31,680	100%	100%
Maxlav Lavanderia Especializada S.A.*	Jaguariúna, State of São Paulo - Brazil	BRL	2,825	100%	100%
Vida Lavanderias Especializada S.A.*	São Roque, State of São Paulo - Brazil	BRL	3,600	100%	100%
Aqualav Serviços De Higienização Ltda*	Vila Idalina, Poá, State of São Paulo - Brazil	BRL	15,400	100%	100%
Ekolav S.r.l.	Lastra a Signa (Florence) - Italy	EUR	100	100%	100%
Wash Service S.r.l.	Castellina di Soragna (PR) - Italy	EUR	10	90%	90%

* Held through SRI Empreendimentos e Participações Ltda

**Held through Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi

Investments in associates and joint ventures are measured using the equity method.

(thousands)	Name of the Company	Currency	Share capital as at 30 June 2022	Percentage of shareholding as at 30 June 2022	Percent interest as at 31 December 2021
PSIS S.r.l.	Padua - Italy	EUR	10,000	50%	50%
AMG S.r.l.	Busca (Cuneo) - Italy	EUR	100	50%	50%
Steril Piemonte S.r.l.	Turin - Italy	EUR	4,000	50%	50%
Iniziativa Produttive Piemontesi S.r.l.	Turin - Italy	EUR	2,500	37.63%	37.63%
Piemonte Servizi Sanitari S.c.r.l.	Turin - Italy	EUR	10	30% ^(*)	30% ^(*)
Finanza & Progetti S.p.A.	Padua - Italy	EUR	550	50%	50%
Arezzo Servizi S.c.r.l.	Arezzo - Italy	EUR	10	50%	50%
Brixia S.r.l.	Milan - Italy	EUR	10	23%	23%
Saniservice Sh.p.k.	Tirana - Albania	ANNEX	2,746	30%	30%
Shubhram Hospital Solutions Private Limited	New Delhi - India	INR	362,219	51%	51%
SAS Sterilizasyon Servisleri A.Ş.	Istanbul, Turkey	TRY	24,467	51%	51%
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca, Morocco	MAD	122	51%	51%
StirApp S.r.l in liquidation	Modena - Italy	EUR	208	25%	25%
Sanitary cleaning Sh.p.k.	Tirana - Albania	LEK	2,799	40%	40%

(*) The 15.05% indirect shareholding held through Iniziativa Produttive Piemontesi S.r.l. should be added to this.

The following exchange rates were used to consolidate the companies that prepare their financial statements in a currency other than the Euro, which is used in the consolidated financial statements of the Servizi Italia Group:

Currency	Average exchange rate as at 30 June 2022	Final change as at 31 December 2021	Final exchange rate as at 30 June 2022	Average exchange rate as at 30 June 2021	Final exchange rate as at 30 June 2021
Brazilian Real (R\$)	5.5565	6.3101	5.4229	6.4902	5.9050
Turkish Lira (TL)	16.2579	15.2335	17.3220	9.5226	10.3210
Albanese Lek (LEK)	121.1392	120.7100	118.62	123.2507	122.5700
Indian Rupee (INR)	83.3179	84.2292	82.1130	88.4126	88.3240
Moroccan Dhiram (MAD)	10.604	10.4830	10.542	10.7477	10.5910
Singapore Dollar (SGD)	1.4921	1.5279	1.4483	1.6059	1.5976

3.3 Accounting standards and basis of preparation

The accounting standards and basis of preparation, reported in the introduction to the Notes to the financial statements, are the same as those used to prepare the consolidated financial statements as at 31 December 2021, which should be referred to for a description, with the exception of the IFRS standards, amendments and interpretations applied for the first time as at 1 January 2022 and described, together with the effects on the half-year condensed consolidated financial statements, in the introduction to these Notes and with the exception of IAS 29 in relation to the financial statements of the subsidiary Ankates in Turkey.

In particular, during the second quarter of 2022 the cumulative rate of inflation in the last three years in Turkey exceeded the value of 100%. This, together with other characteristics of the country's economy, led the Group to adopt, starting from 1 January 2022, with reference to the subsidiary Ankateks, the IAS 29 accounting standard - *Financial Reporting in Hyperinflationary Economies* - as a result of which the values of non-monetary assets and liabilities present in the financial statements are revalued to eliminate the distorting effects due to the loss of purchasing power of the local currency. Gains or losses on the net monetary position are charged to the income statement.

The application of IAS 29 mainly shows a revaluation effect on the net assets of the subsidiary Ankateks equal to Euro 3,380 thousand, of which Euro 2,739 thousand recognised in the equity reserve while Euro 641 thousand recognised as financial income as a revaluation of monetary assets.

The rate of inflation used for the purpose of adopting hyper-inflation accounting corresponds to the consumer price index.

The half-year condensed consolidated financial statements as at 30 June 2022 were drafted on the basis of the going concern assumption.

4 Risk management policy

Within the Servizi Italia Group, specific organisational directives centrally govern risk management and control over all transactions relevant to the composition of financial and/or trade assets and liabilities.

The Servizi Italia Group's activities are exposed to various risk types, including interest rate fluctuations and credit, liquidity, cash flow risks and currency-type risks.

To minimise such risks, the Servizi Italia Group has adopted timescales and control methods, which allow the company management to monitor this risk and inform the Board of Directors so that it may approve all transactions involving a commitment by the Company with respect to third parties.

The principal internal and external risks to which the Group is exposed are described in the directors' report accompanying the separate financial statements as at 31 December 2021. A description of market risks and the relative hedging policies is provided below.

4.1 Type of risks hedged

Exchange rate risk

The investments in Brazil, Turkey, India, Albania and Morocco have positioned the Group in an international context, exposing it to exchange rate risk generated by fluctuations in the Euro/Real, Euro/Turkish Lira, Euro/Indian Rupee, Euro/Albanian Lek and Euro/Moroccan Dirham exchange rates.

The assessment of exchange rate risk weights the risk of currency fluctuations with the size and time distribution of the cash flows expressed in foreign currency and with the cost of any hedging transactions. The assessments, taking into account the fact that no capital repatriation is expected from abroad in the short term, have led to the decision not to hedge against currency risk.

Credit risk

The credit risk is constantly monitored by means of periodic processing of past due situations which are subject to the analysis of the Group's financial structure. The Group is also equipped with recovery procedures for problem receivables and avails itself of the assistance of legal advisors in the event of disputes being established.

In light of the fact that customers are predominantly public companies, default risk is deemed low. However, these customers have extended payment times which depend on loans received by the local health units and hospitals from the Regions. Currently, the average days sales outstanding are 93.

Trade receivables shown in the financial statements are adjusted for expected losses according to a model that refers to an expected loss for the entire life of trade receivables in accordance with the simplified approach envisaged by IFRS 9. The expected loss rates applied are substantially in line with those indicated in the consolidated financial statements as of 31 December 2021.

Liquidity risk

To correctly manage liquidity risk, an adequate level of cash and cash equivalents must be maintained. In light of the predominantly public nature of the group's customers and the average collection times, cash and cash equivalents are obtained primarily from accounts receivable financing and, to a lesser extent, from medium-term, unsecured credit lines. The Group also uses factoring without recourse.

Interest rate risk

The Group's net financial debt primarily comprises short-term payables which, as at 31 June 2022, represent approximately 64% of its debt, at an average annual rate of around 0.46% in relation to the short-term payables to banks. With regard to the global financial crisis, the Group is monitoring the market and assessing the appropriateness of taking out hedging transactions on the rates in order to

limit the negative impacts of changes in interest rates on the company's consolidated income statement. The table below demonstrates the effect that would be generated by a 0.5% increase or decrease in rates (in thousands of Euros).

(thousands of Euros)	0.5% rate increase		0.5% rate decrease	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Financial receivables	+23	+48	(23)	(48)
Financial payables	+305	+612	(305)	(612)
Factoring of receivables	+235	+434	(235)	(434)

4.2 Fair value information

Financial assets and financial liabilities are recognised at amortised cost. Shareholdings in other companies relate to investments of a strategic and production nature, all of which are in fact held in relation to the management of contracts or licenses.

These equity investments usually cannot be freely transferred to third parties, since they are subject to rules and agreements that in practice prevent their free circulation. The equity investments in other companies are recognised at the fair value if there is an active market for the securities representative of these equity investments. The profits or the losses deriving from changes in the fair value are recognised directly in the Income Statement. If an active market is not available, which is the case for all equity investments held by the Company as at 30 June 2022, equity investments in other companies are recognised at the cost of purchase or set-up, reduced for any impairment or capital refund, as best estimate of the fair value.

The Group does not hold financial instruments measured at fair value with an active market. Therefore, no classification based on input quality is provided.

5 Segment reporting

The Servizi Italia Group's reporting by activity segment is organised as follows:

- *Wash hire*: this includes (i) planning and provision of integrated hire, reconditioning (disinfection, washing, finishing and packaging) and logistics (pick-up and distribution to usage centres) services for textile items, mattresses and accessories, (ii) rental and washing of high visibility "118" emergency service items and (iii) logistics, transport and management of hospital linen storage facilities;
- *Linen sterilisation (Steril B)*: this includes the planning and rental of sterile medical devices for operating rooms (linens for operating rooms and scrubs) packed in kits for the operating areas, in cotton or in re-usable technical fabric, as well as personal protection equipment;
- *Sterilisation of surgical instruments (Steril C)*: this includes (i) the design and supply of washing, packaging and sterilisation services for surgical instruments (owned or rented) as well as accessories for operating rooms, (ii) the design, installation and renovation of sterilisation centres and, (iii) system validation and control services for sterilisation processes and surgical instrument washing systems.

In terms of geographical areas, please note that the Servizi Italia Group:

- the company operates in Italian territory, with the exception of the Brazilian companies Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A. and Aqualav Serviços De Higienização Ltda held through the subsidiary SRI Empreendimentos e Participações Ltda, as well as the Turkish companies Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi and Ergülteks Temizlik Tekstil Ltd. Sti.
- mainly offers the same types of services in each geographical area in Italy and abroad.

As a result, information is not presented by geographical area, with the exception of revenue, which is broken down by region in paragraph 7.1.

The Servizi Italia Group considers the breakdown by business area to be more significant. The core business areas are identified based on how the Group is managed, how management responsibilities are attributed and how business reporting is analysed by the management.

<i>(thousands of Euros)</i>	Half-Year ended as at 30 June 2022			
	Wash-hire	Steril B	Steril C	Total
Revenues from sales and services	101,767	9,264	23,011	134,042
Other income	1,708	278	882	2,868
Raw materials and materials	(9,773)	(2,694)	(2,264)	(14,731)
Costs for services	(38,754)	(1,780)	(6,243)	(46,777)
Personnel expense	(32,754)	(3,004)	(9,499)	(45,257)
Other costs	(561)	(23)	(86)	(670)
EBITDA^(a)	21,633	2,040	5,801	29,475
Depreciation, amortisation and impairment	(24,426)	(1,251)	(2,605)	(28,282)
Operating profit (EBIT)	(2,793)	790	3,198	1,193
Financial income and expense and income and expense from equity investments in other companies				989
Profit before tax				2,182
Tax				(237)
Profit (loss) for the period				1,945
Of which portion attributable to shareholders of the parent				2,207
Of which portion attributable to non-controlling interests				(262)

(a) EBITDA is not an accounting measurement under the IFRSs endorsed by the European Union. Group management has defined EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortisation, write-downs, impairment and provisions.

(thousands of Euros)	Half-Year ended as at 30 June 2021			
	Wash-hire	Steril B	Steril C	Total
Revenues from sales and services	95,105	9,110	20,894	125,109
Other income	3,926	147	962	5,035
Raw materials and materials	(8,844)	(2,689)	(2,040)	(13,573)
Costs for services	(32,770)	(1,630)	(5,645)	(40,045)
Personnel expense	(31,204)	(2,848)	(8,365)	(42,417)
Other costs	(528)	(23)	(104)	(655)
EBITDA^(a)	25,685	2,067	5,702	33,454
Depreciation, amortisation and impairment	(22,992)	(1,372)	(2,814)	(27,178)
Operating profit (EBIT)	2,693	695	2,888	6,276
Financial income and expense from equity investments in other companies				(1,153)
Profit before tax				5,123
Taxes				(750)
Profit (loss) for the year				4,373
Of which portion attributable to shareholders of the parent				4,307
Of which portion attributable to non-controlling interests				66

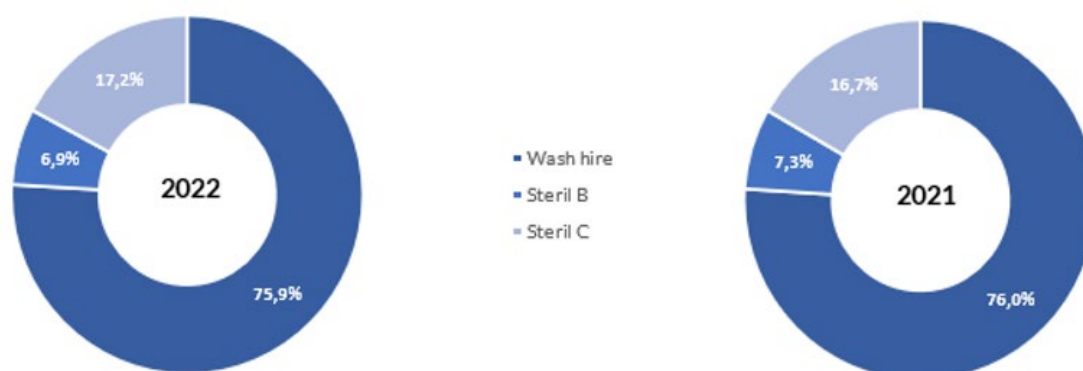
(a) EBITDA is not an accounting measurement under the IFRSs endorsed by the European Union. Group management has defined EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortisation, write-downs, impairment and provisions.

Revenues deriving from **wash-hire** services (which in absolute terms represent 75.9% of the Group's revenues) go from Euro 95,105 thousand in the first six months of 2021 to Euro 101,767 thousand in the same period of 2022, recording an increase of 7.0 % (or 7.4% at constant exchange rates), supported by an important growth in the Italian wash-hire sector which recorded an increase in revenues of 6.5%, an increase connected both to the tenders in the north-east of Italy and to the full recovery of the hotel business which in the first quarter of 2021 was essentially irrelevant due to Covid. Revenues in the Brazil area show a positive change in the period of 13.9% mainly driven by the appreciation of the Brazilian real against the Euro (exchange rate effect +16.4%), albeit characterized by a slight organic decrease in the local currency (-2.5%). The Turkish area recorded a growth in terms of local currency of 59.7%, offset by an exceptional negative exchange rate effect of 66.1% (depreciation of the Turkish Lira against the Euro) which led to a negative change of turnover of 6.5%.

Revenues from **linen sterilization** services (**Steril B**) (which in absolute terms represent 6.9% of the Group's revenues) go from Euro 9,110 thousand in the first six months of 2021 to Euro 9,264 thousand, with an increase of 1.7% due to greater supplies of single use material in the centre of Italy.

Revenues from **surgical instruments sterilization** services (**Steril C**) (which in absolute terms represent 17.2% of the Group's revenues) go from Euro 20,894 thousand in 2021 to Euro 23,011 thousand in 2022, with an increase of 10.1% mainly due to new orders in the north-east are of Italy and to the growth recorded in the period by Steritek S.p.A. for validation services (7.1% in absolute terms on the revenues recorded by the segment) which accounts for 0.7% of the line growth. It should also be noted that the growth is driven by the recovery of the operating activities recorded in the first half of 2022 compared to the same period of the 2021 financial year.

The graph below shows the breakdown of revenue by business line.



The information in the tables below represents the assets directly attributable to investments by business segment.

(thousands of Euros)	30 June 2022			
	Wash-hire	Steril B	Steril C	Total
Total revenues from sales and services	101,767	9,264	23,012	134,042
Investments in property, plant and equipment and intangible assets	25,757	695	1,727	28,179
Depreciation of property, plant and equipment and amortisation of intangible assets	24,457	1,256	2,611	28,324
Net book value of property, plant and equipment and intangible assets	149,375	3,087	20,649	173,111

(thousands of Euros)	30 June 2021			
	Wash-hire	Steril B	Steril C	Total
Total revenues from sales and services	95,105	9,110	20,894	125,109
Investments in property, plant and equipment and intangible assets	32,273	1,068	1,359	34,700
Depreciation of property, plant and equipment and amortisation of intangible assets	22,837	1,354	2,772	26,963
Net book value of property, plant and equipment and intangible assets	149,022	4,159	21,017	174,198

5.1 Seasonality

The Group's economic and financial performance is not affected by particular significant cyclical or seasonal trends.

6 Balance sheet

6.1 Property, plant and equipment

Changes in property, plant and equipment and the associated accumulated depreciation are shown in the table below.

(thousands of Euros)	Land and buildings	Plant and machinery	Returnable assets	Equipment	Other assets	Assets in progress	Total
Historical cost	39,263	149,532	35,262	70,666	169,995	6,774	471,492
Accumulated amortisation	(10,758)	(107,462)	(26,850)	(58,347)	(104,749)	-	(308,166)
Balance as at 1 January 2022	28,505	42,070	8,412	12,319	65,246	6,774	163,326
Translation differences	140	583	196	136	1,309	595	2,959
Inflation effect Turkey	690	2,666	-	-	444	-	3,800
Increases	1,928	1,152	197	1,712	21,566	1,445	28,000
Decreases	(66)	(508)	(14)	(57)	(614)	(95)	(1,354)
Amortisation	(1,660)	(4,097)	(774)	(2,395)	(18,794)	-	(27,720)
Impairments (reinstatements)	-	-	-	-	-	-	-
Reclassifications	-	318	43	26	121	(508)	-
Other	-	-	-	-	-	-	-
Balance as at 30 June 2022	29,537	42,184	8,060	11,741	69,278	8,211	169,011
Historical cost	42,037	154,437	35,874	72,538	192,846	8,211	505,943
Accumulated amortisation	(12,500)	(112,253)	(27,814)	(60,797)	(123,568)	-	(336,932)
Balance as at 30 June 2022	29,537	42,184	8,060	11,741	69,278	8,211	169,011

The item “Translation differences” refers to the variations in exchange rates for Brazilian companies (SRI Empreendimentos e Participações L.t.d.a., Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A., Aqualav Serviços De Higienização Ltda) and Turkish companies (Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi e Ergülteks Temizlik Tekstil Ltd. Sti.).

The item “Inflation effect Turkey” refers to the application of IAS 29 to the historical cost of property, plant and equipment of the company Ankateks.

Increases in the first half of 2022 refer primarily to investments in linens (Euro 20,883 thousand included in the item “Other”), to ensure increasingly more efficient inventory management, both for the partial renewal of contracts and for the first supply relating to contracts acquired during the period in question.

The item “Land and Buildings” records an increase of Euro 1,928 thousand mainly attributable to the change in the value of the right of use asset for the inflationary adjustment of lease contracts following the application of the IFRS16 accounting standard.

The item “Plant and Machinery” records an increase of Euro 1,152 thousand mainly relating to the plants in the Italy area for Euro 723 thousand and to the Turkey area for Euro 420 thousand.

The item industrial and commercial “Equipment” shows increases of Euro 1,712 thousand, of which Euro 760 thousand relating to the purchase of surgical instruments for first provisioning relating to tenders won and Euro 1,022 thousand for the purchase of industrial equipment.

The increases in the item “Assets in progress” relate to works on third party assets still under construction. At territorial area level, they relate for Euro 3,734 to the Italy area, mainly relating to the

wash-hire division, and for Euro 4,460 thousand to the Brazil area, mainly relating to the commissioning of a sterilization plant in the São Paulo area.

The reclassifications show decreases of Euro 508 thousand mainly relating to the entry into operation of new plants and machinery by the Parent Company.

The item “Assets in progress” refers to the investments under way at the end of the first half and is composed as follows:

<i>(thousands of Euros)</i>	as at 30 June 2022	as at 31 December 2021
Sterilisation centre investments	643	633
Laundering facilities investments	1,206	1,047
Investments on contracts	1,885	1,462
Investments at production sites in Brazil	4,460	3,613
Investments at production sites in Turkey	17	19
Total	8,211	6,774

It should be noted that in the item Fixed assets in progress, the item investments for contracts is mainly affected by the setting up of traceability systems for linen for the various wardrobes and the purchase of linen for the start-up phase of tenders (Euro 1,678 thousand). Fixed assets under construction in the Brazil area mainly refer to the commissioning of a sterilization plant in the São Paulo area.

6.2 Intangible assets

This item changed as follows:

<i>(thousands of Euros)</i>	Trademarks, software, patents and intellectual property rights	Customer contracts portfolio	Other intangible assets	Assets in progress and advances	Total
Historical cost	7,712	8,368	991	340	17,411
Accumulated amortisation	(6,370)	(5,752)	(812)	-	(12,934)
Balance as at 1 January 2022	1,342	2,616	179	340	4,477
Translation differences	20	-	28	-	48
Increases	167	-	-	12	179
Decreases	-	-	-	-	-
Amortisation	(328)	(225)	(51)	-	(604)
Impairments (reinstatements)	-	-	-	-	-
Reclassifications	134	-	-	(134)	-
Balance as at 30 June 2022	1,335	2,391	156	218	4,100
Historical cost	8,089	8,367	1,067	218	17,741
Accumulated amortisation	(6,754)	(5,976)	(911)	-	(13,641)
Balance as at 30 June 2022	1,335	2,391	156	218	4,100

The increases in the item “Trademarks, software, patents and intellectual property rights” are mainly attributable to the purchase by the Parent Company of software licenses. In addition, we note the increase in “Assets in progress and advances” mainly relating to the purchase of new software licenses by the Parent Company.

6.3 Goodwill

Goodwill is allocated to the Servizi Italia Group's cash generating units identified on the basis of geographical area, which reflects the areas of operation of the companies acquired over the years.

Goodwill is allocated by geographical area as follows:

(thousands of Euros)	as at 31 December 2021	Increases/ (Decreases)	Translation differences	as at 30 June 2022
CGU Italy	51,668	-	-	51,668
CGU Turkey	4,497	-	(542)	3,955
CGU Brazil	6,519	-	1,066	7,585
Total	62,684	-	524	63,208

The change in the period is attributable to exchange differences from the translation into Euros of goodwill arising from acquisitions in Brazil and Turkey.

Except for the portion of goodwill relating to CGU Steritek (surgical instrument sterilisation operating segment), all other goodwill is included in the wash hire operating segment, as defined for the purposes of the sector reporting required by IFRS 8.

It should be noted that the management, in relation to the ESMA Public Statement of 13 May 2022 and in relation to the Consob 3/22 recall of 19 May 2022, carried out a qualitative and quantitative assessment based on the direct and indirect effects connected to the Russian-Ukrainian conflict. It should also be noted that the Group has identified only indirect effects that impact the operating activities of its business and, primarily, increases in energy and raw material prices. The analyses conducted concluded that the effects considered will presumably have a significant impact in the short term mainly focused on the wash-hire business and in particular in the Turkey area, where losses are also expected at an operational level. However, they are not expected to have significant and lasting repercussions on the prospective results of the Group, both in relation to the possibility of recovery through the inflation indexation of its contracts, and to actions planned and aimed, inter alia, at obtaining appropriate compensation. Therefore, no elements that can be classified as impairment loss indicators have been identified. Nevertheless, a verification and sensitivity exercise were carried out, also based on the new assessments mentioned above, in relation to the results of the impairment test carried out in the annual financial statements as at 31 December 2021, which confirmed the conclusions already reached, which indicated the complete recoverability of the values of assets in the balance sheet, also taking into account expected increases in discount rates.

6.4 Equity-accounted investments

The value of equity-accounted investments changed as follows:

(thousands of Euros)	Change during the half as at 30 June 2022					
	1 January 2022	Increases /(Decreases)	OCI changes	Revaluations/ (Impairment)	Translation Difference	30 June 2022
Associates and jointly controlled companies						
Saniservice Sh.p.k.	135	-	-	232	7	374
Finanza & Progetti S.p.A.	12,630	-	1,695	1,058	-	15,383
Brixia S.r.l.	2,506	-	-	(53)	-	2,453
Arezzo Servizi S.c.r.l.	5	-	-	-	-	5
PSIS S.r.l.	4,056	-	-	188	-	4,244
Steril Piemonte S.r.l.	1,980	-	-	4	-	1,984
AMG S.r.l.	2,375	(91)	-	62	-	2,346
Iniziative Produttive Piemontesi S.r.l.	1,174	-	-	33	-	1,207
Piemonte Servizi Sanitari S.c.r.l.	3	-	-	-	-	3
Servizi Sanitari Integrati Marocco S.a.r.l.	183	-	-	58	(1)	240
SAS Sterilizasyon Servisleri A.Ş.	897	-	-	114	(114)	897
Shubhram Hospital Solutions Private Ltd.	(2,498)	-	-	(106)	(66)	(2,670)
Sanitary Cleaning Sh.p.k.	1,542	-	-	30	29	1,601
StirApp S.r.l.	-	-	-	-	-	-

Total	24,988	(91)	1,695	1,620	(145)	28,067
of which provisions for risk and charges	(2,498)	-	-	(106)	(66)	(2,670)
of which equity investments in associates and jointly controlled companies	27,486	(91)	1,695	1,726	(79)	30,737

The revaluations and impairment include the portions of profits and losses recorded by the investees in the half.

The item “OCI changes”, positive for Euro 1.695 thousand, corresponds the portion attributable to the Servizi Italia Group, within the scope of application of the equity method, of the change in fair value of hedging derivatives subscribed by the company Ospedal Grando S.p.A. (subsidiary of associate company Finanza e Progetti S.p.A.).

With reference to the equity investment in Shubhram Hospital Solutions Private Limited, in consideration of the commitments assumed with the local Indian partner, the portion of the losses exceeding the value of the equity investment was booked to the item “Provisions for risks and charges”.

6.5 Deferred tax assets

This item changed as follows:

<i>(thousands of Euros)</i>	Share capital increase costs	Leasing contracts	Property, plant and equipment	Employee benefits	Previous tax losses/“ACE” carried forward	Other costs with deferred deductibility	Total
Deferred taxes as at 1 January 2022	8	409	568	152	6,464	748	8,349
Changes recognised in the income statement	(1)	33	-	-	789	14	835
Changes recognised in equity	-	-	-	-	-	-	-
Changes recognised in other comprehensive income	-	13	-	-	-	85	98
Deferred taxes as at 30 June 2022	7	455	568	152	7,253	847	9,282

There are no deferred tax assets not recognized in the financial statements as the temporary differences generated were deemed to be recoverable in future years. The item Prior tax losses mainly refers to the tax losses generated by the Parent Company, deriving from the effects of the deductions on investments made in previous years in instrumental assets (“Super-depreciation and hyper-depreciation”) and from the “ACE” facility and they are recoverable with the taxable income envisaged for future years.

6.6 Trade receivables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 June 2022	as at 31 December 2021
Due from third parties	60,087	58,638
Due from associates	7,234	5,911
Due from parent companies	75	78
Receivables from companies under the control of the parent companies	611	512
Total	68,007	65,139

Trade receivables

The item is broken down as follows:

(thousands of Euros)	as at 30 June 2022	as at 31 December 2021
Trade receivables	65,867	64,504
Bad debt provision	(5,780)	(5,866)
Total	60,087	58,638

The increase in the item Trade receivables is partly attributable to the increase in the level of sales revenues, albeit in part offset by an improvement in the average collection days.

During the half, the Servizi Italia Group carried out some transactions involving the disposal of the receivables described below:

- it has transferred without recourse to Credemfactor S.p.A. trade receivables of Euro 8,222 thousand for a consideration of Euro 8,203 thousand;
- it has transferred without recourse to Unicredit Factoring S.p.A. trade receivables of Euro 17,542 thousand for a consideration of Euro 17,506 thousand;
- it has transferred without recourse to IFITALIA S.p.A. trade receivables for Euro 12,153 thousand for a consideration of Euro 12,135 thousand;
- it has transferred without recourse to BPER Factor S.p.A. trade receivables of Euro 8,824 thousand for a consideration of Euro 8,811 thousand;
- it has transferred without recourse to BPER Factor S.p.A. trade receivables of Euro 328 thousand for a consideration of Euro 323 thousand;

The bad debt provision changed as follows:

(thousands of Euros)	Total
Balance as at 31 December 2021	5,866
Utilisations	(340)
Adjustments	-
Provisions	254
Balance as at 30 June 2022	5,780

6.7 Other current assets

The item is broken down as follows:

(thousands of Euros)	as at 30 June 2022	as at 31 December 2021
Due from others	8,100	8,034
Deferred income	2,346	1,360
Guarantee deposits receivable	190	191
Accrued income	25	-
Total	10,661	9,585

The item "Due from others" is composed of the receivables of San Martino 2000 S.c.r.l. from the

consortium company Servizi Ospedalieri S.p.A. in the amount of Euro 996 thousand, the Parent Company's VAT receivable for Euro 4,069 thousand (Euro 4,369 thousand as at 31 December 2021) and, for the remaining part, mainly by advances and receivables from social security and welfare institutions, all collectable within the year. Prepayments increased primarily as a result of rentals and insurance premiums that were recognised at the beginning of the year. The item guarantee deposits refers to energy utilities and rental contracts.

6.8 Shareholders' equity

As at 30 June 2022, the fully subscribed and paid-up share capital of Servizi Italia S.p.A. was broken down into 31,809,451 ordinary shares with a nominal amount of Euro 1 each. In the first six months of 2022, the Parent Company purchased 259,631 treasury shares for Euro 469 thousand, equal to 0.82% of the share capital, with an average purchase price of Euro 1.80 per share. Following these transactions, the Company held 2,260,039 treasury shares amounting to 7.10% of the share capital as at 30 June 2022. The value of the treasury shares held at 30 June 2022 of Euro 5,863 thousand was classified as a reduction in shareholders' equity. There was also a positive effect equal to Euro 4,184 thousand on the translation reserves in the equity of the companies that prepare their financial statements in foreign currency, mainly as a result of the devaluation of the Brazilian Real and of the Turkish Lira, as well as due to the effect of high inflation in Turkey following the adoption of the IAS 29 standard for Euro 2,739 thousand.

Although the Consolidated Shareholders' Equity of the Servizi Italia Group is higher than the market capitalization of the share as at 30 June 2022, it should be noted that the same is considered recoverable in consideration of the results of the impairment tests carried out at 31 December 2021, confirmed by the qualitative and sensitivity analyses formulated by management.

6.9 Due to banks and other lenders

The item is broken down as follows:

(thousands of Euros)	as at 30 June 2022			as at 31 December 2021		
	Current	Non-current	Total	Current	Non-current	Total
Due to banks	82,017	20,881	102,898	72,833	31,398	104,231
Payables due to other lenders	3,429	27,367	30,796	3,418	27,352	30,770
Total	85,446	48,248	133,694	76,251	58,750	135,001

Payables due to banks

The portion of the payable falling due within 12 months relating to the item "Due to banks" as at 30 June 2022 presents an increase with respect to 31 December 2021 of Euro 9,184 thousand as a result of higher recourse to self-financing credit lines and the short-term classification of loan payments due in the following 12 months.

The portion of the payable falling due within 12 months relating to the item "Due to banks" as at 30 June 2022 increased with respect to 31 December 2021 by Euro 10,517 thousand due to payment of instalments due on loans within the year and to the short-term reclassification of the loan instalments expiring in the next 12 months.

Amounts due to banks are shown below by maturity:

(thousands of Euros)	as at 30 June 2022	as at 31 December 2021
Maturity less than or equal to 6 months	65,604	52,953
Maturity between 6 and 12 months	16,413	19,880
Maturity between 1 and 5 years	20,881	31,398
More than 5 years	-	-
Total	102,898	104,231

Non-current amounts due to banks are broken down by maturity as follows:

(thousands of Euros)	as at 30 June 2022	as at 31 December 2021
1 to 2 years	16,328	20,024
Maturity between 2 and 5 years	4,553	11,374
More than 5 years	-	-
Total	20,881	31,398

Some medium/long-term loans are subject to financial covenants on data inferable from the consolidated financial statements at the end of the financial year; no obligation to comply with financial *covenants* is envisaged as at 30 June 2022 except for the covenants in place relating to the loan granted by Unicredit S.p.a. and the loan granted by Cassa Depositi e Prestiti which provide for the half-yearly compliance of two *ratios*, respectively $NFP/SE \leq 2$ and $NFP/EBITDA \leq 3$, both met.

Payables due to other lenders

Payables to other lenders as at 30 June 2022, for the current portion, mainly relate to the debt contracted by the Turkish companies, in addition to financial payables relating to *lease* contracts, represented in the financial statements according to IFRS 16, for Euro 3,346 thousand.

The non-current portion of the balance as at 30 June 2022 is attributable to the debt incurred by the Turkish subsidiary Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi as well as to the financial debt relative to lease contracts for Euro 27,339 thousand.

Payables to other lenders are broken down by maturity below:

(thousands of Euros)	as at 30 June 2022	as at 31 December 2021
Maturity less than or equal to 6 months	1,277	2,196
Maturity between 6 and 12 months	2,152	1,222
Maturity between 1 and 5 years	11,927	11,435
More than 5 years	15,440	15,917
Total	30,796	30,770

Non-current amounts due to other lenders are broken down by maturity as follows:

(thousands of Euros)	as at 30 June 2022	as at 31 December 2021
1 to 2 years	3,251	3,058
Maturity between 2 and 5 years	8,677	8,377
More than 5 years	15,440	15,917
Total	27,367	27,352

6.10 Deferred tax liabilities

Deferred tax liabilities are broken down below by nature of the timing differences that generated them:

(thousands of Euros)	Property, plant and equipment and intangible assets	Equity investments	Goodwill	Other	Inflation effect Turkey	Total
Deferred tax liabilities as at 1 January 2022	402	11	1,683	11	-	2,107
Changes recognised in the income statement	(19)	-	19	4	339	343
Changes recognised under shareholders' equity	-	-	-	-	349	349
Changes recognised in other comprehensive income	(15)	-	-	-	-	(15)
Deferred tax liabilities as at 30 June 2022	368	11	1,702	15	688	2,784

There are no deferred taxes which have not been recognised, since the related payment is deemed unlikely.

6.11 Employee benefits

This item changed as follows:

(thousands of Euros)	Total
Initial balance as at 1 January 2022	9,057
Provision	761
Financial expenses	-
Actuarial (gains)/losses	-
Transfers (to)/from other provisions (Payments)	(405)
Translation differences	(17)
Final balance as at 30 June 2022	9,396

6.12 Provisions for risks and charges

The item is broken down as follows:

(thousands of Euros)	as at 30 June 2022	as at 31 December 2021
Opening balance	6,360	6,327
Provisions	135	1,884
Payments/resolutions	(634)	(2,008)
Translation differences	321	157
Closing balance	6,182	6,360

The item includes the provision for coverage of losses on equity investments for Euro 2.671 thousand, which refers to the investment in Shubhram Hospital Solutions Private Limited and corresponds to the portion of the losses exceeding the value of the equity investment that will be covered in consideration of the commitments assumed with the local partner for the development of business in the Indian market. It should also be noted that of the provisions recognized in the period equal to Euro 135 thousand, Euro 106 thousand relate to the losses attributable to the Servizi Italia Group recorded by the equity investment Shubhram Hospital Solutions Private Limited.

The uses for the period concern the partial reversal of the provision for onerous contracts (at 30 March 2022 equal to Euro 508 thousand), the outcome of the estimates made in relation to the provisions of the international accounting standard IAS 37 regarding onerous contracts by the Parent Company.

The reversal, equal to Euro 484 thousand, is aimed at offsetting the negative operating margins for the period estimated when preparing the consolidated financial statements as at 31 December 2021, in order to neutralize the impact on the Group's profitability. Based on the projections made to estimate the provision, and according to the average terms of the contracts examined, use of Euro 223 thousand of the amount allocated within the next 12 months.

It should also be noted that the portion of post-employment benefits corresponding to the perimeter of employees pertaining to the restructuring project of Ariccia, the relevant information for which was provided in the financial statements as at 31 December 2021, was also classified under current liabilities.

6.13 Trade payables

The item is broken down as follows:

(thousands of Euros)	as at 30 June 2022	as at 31 December 2021
Due to suppliers	76,763	68,931
Due to associates and the parent company	2,354	1,843
Due to parent company	4,494	4,703
Payables to companies under the control of the parent companies	1,338	208
Total	84,949	75,685

Trade payables went from Euro 75,685 thousand at 31 December 2021 to Euro 84,949 thousand at 30 June 2022, showing an increase of Euro 9,264 thousand. The increase is mainly attributable to fewer investments made with respect to the comparison period and to better payment conditions with certain suppliers.

6.14 Other financial liabilities

The item is broken down as follows:

(thousands of Euros)	as at 30 June 2022	as at 31 December 2021
Payables to Area S.r.l.	-	200
Payable for Steritek S.p.A. put option	1,609	1,843
Payable for Wash Service S.r.l. put option	391	388
Payables to Wash Service S.r.l. shareholders	-	399
Deferred price Aqualav Serviços De Higienização Ltda	14	12
Total	2,014	2,842
of which non-current part	391	388
of which current portion	1,623	2,454

The change in the item is related in particular to the payment of the last price tranche for 90% of the share capital of Wash Service S.r.l. purchased in 2019, as well as to the payment of the remaining tranche of the acquisition from Area S.r.l. of the shares relating to the company Brixia S.r.l.

It should also be noted that the payable connected to the *put/call* option on the residual 30% of the share capital of the company Steritek S.p.A. went from Euro 1,843 thousand at 31 December 2021 to Euro 1,609 thousand at 30 June 2022 following the remeasurement of the same due to the definition of the contractual price that emerged when the *call* option was exercised by Servizi Italia, recording a financial income of Euro 238 thousand in the income statement. It should be noted that, following the agreements reached at the *closing* between the parties on 15 July 2022, after the date of this interim report, Servizi Italia exercised its *call* option in relation to the acquisition of 25% of the shares of

Steritek, postponing the right to exercise the residual *put/call* option on the remaining 5% to two subsequent periods (2026 or 2029).

6.15 Other payables

The table below provides a breakdown of other current liabilities:

<i>(thousands of Euros)</i>	as at 30 June 2022	as at 31 December 2021
Deferred income and accrued expenses	443	278
Payables due to social security and welfare institutions	4,646	5,202
Due to employees	11,807	9,723
Employee/professional IRPEF (personal income tax) payable	1,602	2,741
Other payables	1,181	785
Total	19,679	18,729

Payables due to employees

Payables to employees show an increase compared to 31 December 2021, going from Euro 9,723 thousand at 31 December 2021 to Euro 11,807 thousand at 30 June 2022.

Payables due to social security and welfare institutions

Amounts due to social security and welfare institutions include contributions to INPS (National Social Security Institution), INAIL (Italian Institution for Insurance Against Workplace Accidents) and INPDAI (National Welfare Institute for Industrial Managerial Employees), all falling due within 12 months.

6.16 Net financial debt

The Group's net financial debt as at 30 June 2022 and as at 31 December 2021 and at 30 June 2021 is shown below:

<i>(thousands of Euros)</i>	as at 30 June 2022	as at 31 December 2021	as at 30 June 2021
Cash and cash equivalents in hand	25	21	22
Cash at bank	3,833	3,196	3,008
Cash and cash equivalents	3,858	3,217	3,030
Current financial receivables	9,390	6,087	8,508
Current due to banks and other lenders	(85,446)	(76,251)	(81,080)
<i>of which Financial liabilities under IFRS 16</i>	<i>(3,346)</i>	<i>(3,285)</i>	<i>(3,800)</i>
Current net financial debt	(76,056)	(70,164)	(72,572)
Non-current due to banks and other lenders	(48,248)	(58,750)	(66,237)
<i>of which Financial liabilities under IFRS 16</i>	<i>(27,339)</i>	<i>(27,287)</i>	<i>(28,115)</i>
Non-current net financial debt	(48,248)	(58,750)	(66,237)
Net financial debt	(120,446)	(125,697)	(135,779)

Please refer to the statement of cash flows for the description of the cash flows generated by operating, financing and investment activities and the associated effects on "Cash and cash equivalents".

The change in net financial debt at 30 June 2022 compared to 31 December 2021 includes investments in materials, primarily textile linen products to enter into the production process, for approximately Euro 25.8 million as well as the payment of the fifth and last instalment of the price for 90% of the company Wash Service S.r.l. for Euro 0.4 million, the payment for the last tranche to Area S.r.l. for Euro 0.2 million, the purchase of treasury shares for Euro 0.5 million and financial contributions in jointly controlled companies for a total of Euro 2.4 million. The consolidated net

financial position therefore passes from Euro 125,697 thousand at 31 December 2021 to Euro 120,446 thousand at 30 June 2022, with a positive change of Euro 5,276 thousand. Furthermore, it should be remembered that in the first half of 2021 there was also the collection of the price for the sale of the workwear branch for approximately Euro 9.5 million, an element of an extraordinary nature in the 2021 financial year.

Also shown below is the total financial debt drawn up pursuant to the ESMA Recommendation of 4 March 2021, which is applicable from 5 May 2021, in which the value of "Other current financial liabilities" is recorded under the item "Current financial debt" and the value of "Other non-current financial liabilities", as well as the summary of the Group's direct and indirect financial debt is recorded under item "Trade and other non-current payables".

<i>(thousands of Euros)</i>	as at 30 June 2022	as at 31 December 2021	as at 30 June 2021
A. Cash and cash equivalents	3,858	3,217	3,029
B. Cash and cash equivalents	-	-	-
C. Other current financial assets	9,390	6,087	8,508
D. Cash and cash equivalents (A)+(B)+(C)	13,248	9,304	11,537
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(52,217)	(40,012)	(42,365)
F. Current portion of non-current borrowings	(34,852)	(38,693)	(39,501)
<i>of which Financial liabilities under IFRS 16</i>	(3,346)	(3,285)	(3,800)
G. Current financial debt (E) + (F)	(87,069)	(78,705)	(81,866)
H. Current net financial debt (G) - (D)	(73,821)	(69,401)	(70,329)
I. Non-current financial debt (excluding the current portion and debt instruments)	(48,248)	(58,750)	(66,237)
<i>of which Financial liabilities under IFRS 16</i>	(27,339)	(27,287)	(28,115)
J. Debt instruments	-	-	-
K. Trade and other non-current payables	(391)	(388)	(2,219)
L. Non-current financial debt (I) + (J) + (K)	(48,639)	(59,138)	(68,456)
M. Net financial debt (H) + (L)	(122,460)	(128,539)	(138,785)

6.17 Financial guarantee contracts

The table below lists the guarantees given by the Group, in place as at 30 June 2022 and as at 31 December 2021:

<i>(thousands of Euros)</i>	as at 30 June 2022	as at 31 December 2021
Guarantees issued by banks and insurance companies for tenders	72,317	73,497
Guarantees issued by banks and insurance companies for lease agreements and utilities	159	159
Guarantees issued by banks and insurance companies in favour of third parties	52,179	49,864
Owned assets held by third parties	267	296
Third party assets held at our facilities	-	-
Pledge on Asolo Hospital Service shares to back loans granted to the Project Companies	66	66
Pledge on Sesamo shares to back loans granted to the Project Companies	237	237
Pledge on Prog.Este shares to back loans granted to the Project Companies	1,212	1,212
Pledge on Progeni shares to back loans granted to the Project Companies	76	76
Pledge on Synchron shares to guarantee loans granted to the Project Companies	344	344
Pledge on Futura shares to back loans granted to the Project Companies	89	89
Pledge on Summano Sanità shares given as loan guarantee	10	10
Total	126,956	125,850

Guarantees issued by banks and insurance companies for tenders: these were issued on behalf of the Group in favour of customers or potential customers for participation in tenders, to guarantee the correct execution of the service.

Guarantees issued by banks and insurance companies for lease agreements and utilities: these were issued on behalf of the Group to guarantee the payment of lease instalments and invoices for the supply of electricity and gas.

Guarantees issued by banks and insurance companies in favour of third parties: these are guarantees issued to back the payment of the company's portion of the project financing and guarantees issued in favour of PSIS S.r.l., Steril Piemonte S.r.l., I.P.P. S.r.l., Gesteam S.r.l., Saniservice Sh.p.k. and Shubhram Hospital Solutions Private Limited and Saniservice Sh.p.k. to back loan agreements.

Mortgage loans on owned property: the Group has not granted liens on owned property and has no mortgage loans.

Pledge on shares of Asolo Hospital Service, Sesamo, Progeni, Prog.Este, Synchron, Futura and Summano Sanità to back the loans granted to project companies: this pledge was granted to the banks providing the project financing on the shares representing the Group's interest in the special purpose entity.

7 Income statement

7.1 Sales revenues

The item is broken down as follows by business:

<i>(thousands of Euros)</i>	Half-Year ended as at 30 June	
	2022	2021
Wash-hire	101,767	95,105
Steril B (Linen Sterilisation)	9,264	9,110
Steril C (Surgical Instruments Sterilisation)	23,011	20,894
Sales revenues	134,042	125,109

Revenue and services by geographical area are broken down as follows:

<i>(thousands of Euros)</i>	Half-Year ended as at 30 June	
	2022	2021
Italy	116,197	108,785
Brazil	14,424	12,666
Turkey	3,421	3,658
Sales revenues	134,042	125,109

7.2 Other Income

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 June 2022	as at 30 June 2021
Rental income	270	160
Capital gains from asset sale	700	1,710
Recovery costs pertaining to third parties	240	234
ATI income	894	895
Non-recurring income	64	261
Recovered costs and sundry income	700	1,775
Total	2,868	5,035

The item “Other income” went from Euro 5,035 thousand at 30 June 2021 to Euro 2,868 thousand at 30 June 2022, recording a decrease of Euro 2,167 thousand. The decrease is mainly attributable to the capital gain relating to the sale of the *workwear* branch equal to Euro 1,528 thousand as well as to premiums on certain strategic supplies underlying the start of the orders in the north-east of Italy for Euro 1,182 thousand recorded in the first six months of the year 2021.

7.3 Raw materials and consumables

As of 30 June 2022, the consumption of raw materials amounted to Euro 14,731 thousand, an increase of Euro 1,158 thousand compared to the previous period, mainly as a result of the higher costs incurred for consumables and fuels, which were negatively affected by the persistently increasing price dynamics. Consumption mainly refers to the purchase of washing products, chemicals, packaging, spare parts, as well as disposables and PPE products.

7.4 Costs for services

The item is broken down as follows:

(thousands of Euros)	Half-Year ended as at 30 June	
	2022	2021
External laundering and other industrial services	16,473	15,695
Travel and transport	7,749	6,894
Utilities	10,334	6,132
Administrative costs	1,348	1,460
Consortium and sales costs	2,986	2,963
Personnel expense	1,445	1,055
Maintenance	4,505	3,946
Use of third-party assets	1,371	1,387
Other services	566	513
Total	46,777	40,045

“Costs for services” recorded an increase of 16.6% compared to the same period of the previous year equal to Euro 6,732 thousand, going from Euro 40,045 thousand in the first half of 2021 to Euro 46,777 thousand in the first half of 2022. The increase is also seen in terms of incidence on revenues, which went from 32.0% in the first six months of 2021 to 34.9% in the first six months of 2022, mainly due to the significant increases in energy tariffs recorded starting from last quarter of 2021. The increase in energy costs, although significant, appears to be partly contained thanks primarily to the actions to hedge the prices of energy put in place with sector operators in the Italy area.

The item “External laundering and other industrial services” recorded an increase of Euro 778 thousand, mainly deriving from the changed logistical and production structure aimed at managing the laundry and cloakroom services connected to the launch of new tenders.

“Travel and transport” costs show an increase of Euro 855 thousand compared to 30 June 2021, mainly generated by the Parent Company, and specifically to the higher costs in logistics in the hotel sector which in the first half of 2021 was substantially irrelevant due to Covid, and to new tenders launched in the north-east of Italy (started in 2021, now fully operational).

The costs relating to “Utilities” show an increase equal to Euro 4,201 thousand compared to the same period of the previous financial year or a growth of 2.8% in terms of incidence on revenues, due to the

continuous significant rise in prices that began at the end 2021, further worsened following the destabilizing macroeconomic and geopolitical context in place.

7.5 Personnel expense

The item is broken down as follows:

<i>(thousands of Euros)</i>	Half-year ended as at 30 June	
	2022	2021
Costs for directors' fees	618	583
Salaries and wages	30,705	28,950
Temporary work	1,567	1,194
Social security charges	10,135	9,683
Employee severance indemnity	2,114	1,888
Other costs	118	119
Total	45,257	42,417

The item "Personnel expense" went from Euro 42,417 thousand as at 30 June 2021 to Euro 45,257 thousand as at 30 June 2022, recording an increase of Euro 2,839 thousand. The increase is attributable both to an increase in costs relating to the item "Salaries and wages", due to the increase in the volume treated and the consequent increase in the number of Group employees, and to an increase relating to the item "Temporary work", mainly attributable to the hotel sector and the entry into operation of tenders in north-east Italy started in the previous year.

The average number of Group employees is shown in the following table:

	Personnel as at 30 June	
	2022	2021
Executives	17	18
Middle managers	37	39
White-collar staff	299	291
Blue-collar staff	3,374	3,324
Total	3,727	3,672

7.6 Depreciation/amortisation, impairment and provisions

The item is broken down as follows:

<i>(thousands of Euros)</i>	Half-Year ended as at 30 June	
	2022	2021
Amortisation of intangible assets	604	723
Depreciation of property, plant and equipment	27,720	26,241
Impairment and provisions	(42)	214
Total	28,282	27,178

The item recorded an increase compared to the same period of the previous year equal to Euro 1,104 thousand, going from Euro 27,178 thousand in the first half of 2021 to Euro 28,178 thousand in the first half of 2022, while the relative incidence is decreasing, passing from 21.7% in the first half of 2021 to 21.1% in the first half of 2022.

7.7 Financial income and expense

Financial income is broken down as follows:

(thousands of Euros)	Half-Year ended as at 30 June	
	2022	2021
Bank interest income	34	11
Default interest	39	132
Interest income on loans to third-party companies	305	210
Other financial income	298	45
High inflation effect	641	-
Exchange rate gains	140	-
Total	1,457	398

Financial expenses are composed as follows:

(thousands of Euros)	Half-Year ended as at 30 June	
	2022	2021
Interest expense and bank commission	(1,174)	(999)
Interest and expense to other lenders	(92)	(85)
Financial expense on employee benefits	(16)	(14)
Exchange rate losses	-	(14)
Other financial expenses	(1,058)	(1,129)
Total	(2,340)	(2,241)

Financial income went from Euro 398 thousand at 30 June 2021 to Euro 1,457 thousand at 30 June 2022, showing a positive change of Euro 1,059 mainly attributable to the effect on monetary items deriving from the application of IAS 29 - Hyperinflation by the Ankara Group, to the remeasurement of the *fair value* of the payable for the *put/call* option to the shareholders of Steritek S.p.A. for Euro 238 thousand and for exchange gains for Euro 140 thousand.

7.8 Current and deferred taxes

The item is broken down as follows:

(thousands of Euros)	Half-Year ended as at 30 June	
	2022	2021
Current taxes	729	782
Deferred tax (assets)/liabilities	(492)	(32)
Total	237	750

7.9 Earnings per share

Basic and diluted earnings per share are calculated in the tables below.

(thousands of Euros)	Half-Year ended as at 30 June	
	2022	2021
Profit/loss attributable to shareholders of the parent company	2,207	4,307
Average number of shares	29,656	30,099
Basic profit/(loss) per share	0.07	0.14

(thousands of Euros)	Half-Year ended as at 30 June	
	2022	2021
Profit/loss for the period attributable to the Group:	2,207	4,307
Average number of shares outstanding	29,656	30,099
Number of shares with dilutive effect	-	-
Average number of shares used to calculate diluted EPS	29,656	30,099
Diluted profit/(loss) per share	0.07	0.14

8 Transactions with group companies and related parties

The transactions of Servizi Italia S.p.A. related parties are conducted in compliance with the applicable Regulations governing transactions with related parties and concern primarily:

- dealings associated with commercial service agreements;
- financial dealings, represented by loans.

From an economic, equity and financial point of view, the group of main transactions constitute ordinary transactions conducted under conditions equivalent to market or standard conditions and are regulated by the appropriate contracts. These transactions are basically a set of combined operations of a homogeneous nature carried out starting from the beginning of the reference year, and are qualifiable individually as being of greater importance, not even their combination in the period of reference. The value exposed in the reference period was generated by the renewal of existing contracts or contracts stipulated in the same period.

No new loans were stipulated with related parties in the half year ended as at 30 June 2022 with a significant impact on the financial disclosures of the Servizi Italia Group.

The economic transactions with the related parties of the Servizi Italia Group are shown below as at 30 June 2022:

<i>(thousands of Euros)</i>	30 June 2022							
<i>Economic transactions</i>	Sale of goods and services	Other income	Purchases of goods and services	Personnel expense	Purchases of property, plant and equipment and intangible assets	Other costs	Financial income	Financial expenses
Coopservice S.Coop.p.A. (parent company)	22	40	6,490	-	-	2	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	-	-	556	-	-	-	1	-
Psis S.r.l. (joint control)	119	59	1	-	29	15	3	-
Amg S.r.l. (joint control)	-	5	252	-	-	-	-	-
Steril Piemonte S.r.l. (joint control)	-	-	-	-	-	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	-	55	217	-	-	-	-	-
Iniziativa Produttive Piemontesi S.r.l. (associate)	12	16	240	-	-	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	-	-	-	-	27	-
Sanitary cleaning Sh.p.k. (joint control)	-	-	-	-	-	-	-	-
Saniservice Sh.p.k. (joint control)	166	60	-	-	-	-	139	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	-	24	-	-	-	-	80	-
Brixia S.r.l. (associate)	2,057	-	19	-	-	-	-	-
Focus S.p.A. (affiliated)	-	-	-	-	-	13	-	592
Archimede S.p.A. (affiliated)	-	-	7	413	-	-	-	-
New Fleur S.r.l. (affiliated)	-	98	3	-	-	-	-	-
Ospedal Grando S.p.A. (related party)	4,661	-	121	-	-	2	-	-
Akan & Ankateks JV (associate)	270	-	-	30	-	-	-	-
Akan (related party)	-	-	1	-	-	-	-	-
Nimetsu & Ankateks JV (associate)	-	-	-	-	-	-	-	-
Atala (related party)	-	-	-	-	-	-	-	-
Ankor (related party)	-	-	-	-	-	-	-	-
Ozdortler (related party)	-	-	-	-	-	-	-	-
Oguzalp Ergul (related party)	-	-	-	-	-	-	8	-
Feleknaz Demir (related party)	-	-	-	-	-	-	-	-
Volkan Akan (related party)	-	-	-	-	-	-	-	-
Fevzi Cenk Kiliç (related party)	-	-	-	-	-	-	-	-
Total	7,307	357	7,907	443	29	32	258	592

As regards income statement transactions with related parties, aside from the figures shown above, Personnel expense as at 30 June 2022 includes Directors' fees of Euro 687 thousand (of which Euro 92 thousand for social security charges) and executive personnel expense of Euro 1,444 thousand.

It should be noted that in relation to the company Focus S.p.A., in accordance with the provisions of IFRS 16, the Group represented the rents for the period equal to Euro 1,432 thousand as amortisation of the right of use equal to Euro 1,013 thousand and financial charges equal to Euro 592 thousand.

Transactions with related parties of the Servizi Italia Group with an impact on the statement of financial position are shown below as at 30 June 2022:

<i>(thousands of Euros)</i>		30 June 2022				
<i>Statement of financial position</i>	Amount of trade receivables	Amount of trade payables	Amount of financial receivables	Value of rights of use	Amount of financial payables	Amount of other liabilities
Coopservice S.Coop.p.A. (parent company)	75	4,470	2,837	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	5	595	401	-	-	-
Psis S.r.l. (joint control)	124	70	503	-	-	-
Amg S.r.l. (joint control)	31	767	-	-	-	-
Steril Piemonte S.r.l. (joint control)	-	-	-	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	79	497	158	-	-	-
Iniziativa Produttive Piemontesi S.r.l. (associate)	32	408	53	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	1,461	-	-	-
Sanitary cleaning Sh.p.k. (joint control)	-	-	-	-	-	-
Saniservice Sh.p.k. (joint control)	1,946	-	4,139	-	-	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	393	-	2,600	-	-	-
Brixia S.r.l. (associate)	174	19	-	-	-	-
Focus S.p.A. (affiliated)	-	-	-	20,541	21,797	-
Archimede S.p.A. (affiliated)	-	135	-	-	-	-
New Fleur S.r.l. (affiliated)	587	11	-	-	-	-
Ospedal Grando S.p.A. (related party)	4,902	216	-	-	-	-
Akan & Ankateks JV (associate)	480	-	-	-	-	-
Akan (related party)	-	-	-	-	-	-
Nimetsu & Ankateks JV (associate)	-	-	-	-	-	-
Atala (related party)	-	-	-	-	-	-
Ankor (related party)	-	-	-	-	-	-
Ozdortler (related party)	-	-	-	-	-	-
Oguzalp Ergul (related party)	-	-	49	-	-	-
Feleknaz Demir (related party)	-	-	-	-	-	-
Volkan Akan (related party)	-	-	-	-	-	-
Fevzi Cenk Kiliç (related party)	-	-	-	-	-	-
Total	8,828	7,188	12,201	20,541	21,797	-

9 Company officers' fees

Economic transactions with the company officers as at 30 June 2022 are summarised below.

- Board of Directors: Euro 687 thousand (recognised in item "Personnel expense");
- Board of Statutory Auditors: Euro 42 thousand (recognised in item "Costs for services").

10 Income from non-recurring, atypical and/or unusual transactions

No income from non-recurring transactions was recorded during the half.

During the half, no atypical and/or unusual transactions were entered into, as defined in Consob communication No. 6064293 of 28 July 2006.

The Chairman of the Board of Directors

(Roberto Olivi)

Certification of the condensed half-year financial statements pursuant to Art. 81 ter of Consob regulation No. 11971 of 14 May 1999 as amended

Castellina di Soragna, 10 August 2022

1. In consideration of the provisions of Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998, the undersigned Roberto Olivi, in his capacity as Chairman of the Board of Directors, and Angelo Minotta, in his capacity as Financial Reporting Manager of Servizi Italia S.p.A., certify:
 - the adequacy in relation to the characteristics of the business and;
 - the effective application of the administrative and accounting procedures to prepare the half-year condensed consolidated financial statements from 1 January 2022 to 30 June 2022.
2. It is also certified that:
 - 2.1. the condensed half-year financial statements:
 - a) have been prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to Regulations (EC) no. 1606/2002 of the European Parliament and of the Council, dated 19 July 2002;
 - b) correspond to the books and accounting entries;
 - c) provide a true and fair view of the financial position, income and cash flows of the Company and all the companies included in the scope of consolidation.
 - 2.2. The interim directors' report includes a reliable analysis of the significant events that took place in the first six months of the year and their impact on the condensed half-year financial statements, along with a description of the principal risks and uncertainties for the remaining six months of the year. The interim directors' report also includes a reliable analysis of the information on related party transactions.

The Chairman of the Board of Directors

Roberto Olivi

The Financial Reporting Manager

Angelo Minotta

REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Servizi Italia S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Servizi Italia S.p.A. and subsidiaries (the "Servizi Italia Group"), which comprise the statement of financial position as of June 30, 2022 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of Servizi Italia Group as at June 30, 2022 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by

Valeria Brambilla
Partner

Parma, Italy
August 10, 2022

This report has been translated into the English language solely for the convenience of international readers.

Ancora Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 – 20144 Milano | Capitale Sociale: Euro 10.328.220.00 I.v.

Codice Fiscale/Registro delle Imprese Milano Monza Brianza Lodi n. 03049560166 – R.E.A. n. MI 172039 | Partita IVA IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

© Deloitte & Touche S.p.A.